

**Portfolio**  
**£22,000 to be won**  
There is £22,000 available to be won in The Times Portfolio competition today: £20,000 is the weekly competition and £2,000 in the daily.  
There were three winners in yesterday's competition. Mr Henry Auliffe of West Croydon, Mr Lloyd Richards of Cophthorne, West Sussex and Mr O H Johnston of London each received £666.66. Portfolio list, page 12; weekly price list, Information Service, back page.

**Councils offer £4 rise**  
Local authorities offered a basic £4-a-week pay rise yesterday to 900,000 manual workers seeking a "substantial" increase. Union leaders are to report it to members without a recommendation and a result is expected on March 22. But the offer will cost jobs.

**Married woman wins benefit**  
A married woman who cares for her disabled mother won the right to the £21.50 a week invalid care allowance. It is the first stage of a test case that could benefit 50,000 women.

**Bonn choice**  
Mr Richard Burt, the State Department's top specialist on European and Soviet affairs, is to become US Ambassador in Bonn after the seven-nation economic summit in May.

**'Observer' clear**  
The Observer newspaper is not to be prosecuted for contempt of court over a report of the trial of the Clive Ponting trial which took place in the absence of the jury.

**Sterling slips**  
The pound lost more than a cent to \$1.0715 as the dollar recovered. Sterling also fell against other leading currencies.

**Arms warning**  
Mr Andrei Gromyko, the Soviet Foreign Minister, insisted in Spain that an arms race in space would heighten the risk of nuclear war.

**Moors murders**  
Controversy was caused by the Home Secretary's announcement that the cases of the moor murders, Ian Brady and Myra Hindley, are to be considered by the Parole Board.

**House prices up**  
A shortage of houses for sale has helped to push prices higher, but there are signs that some uncertainty has entered the market.

**Voting again**  
At today's annual meeting of the Yorkshire County Cricket Club a vote of no confidence in the general committee will be proposed.

**Greek Olympics?**  
Greece is likely to be awarded the 1996 Olympic Games - 100 years after staging the first Games of the modern era in Athens.

**Leader page 9**  
Letters: On British Library reading room, from Miss W. Slemen, and Ms P. Woolf; police and crime, from Asst Commissioner G. Dear; M15, from Mr Chapman Pincher.

**Obituary, page 10**  
Mr Roland Falk, Mr Andrew Martin, Ray Ellington

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# Miners set for big march-back next week

By Paul Routledge, Labour Editor

A massive return to work in the striking coalfields is forecast early next week, after votes yesterday in moderate and left-wing areas alike to stage a "march back" without an agreement on the closure of uneconomic collieries.

Miners' executives and councils in Scotland, South Wales, Lancashire, Durham and Northumberland and craftsmen in the North-east and the National Union of Mineworkers' white-collar section COSA all agreed to participate in an orderly return to work.

Only indecision in the huge Yorkshire coalfield, where 77 per cent of the men are still on strike despite the return of 1,100 yesterday, leaves in any doubt the outcome of a special delegate conference of the NUM in London tomorrow.

The NUM called the conference tomorrow to forestall what was likely to be a disorganised flood back of the 90,000 men still on strike at the end of the fifty-first week of the dispute. Another 1,656 strikers crossed picket lines for the first time yesterday, bringing the number now on strike to 96,000, or 52 per cent of the workforce.

The coal board expected at least 10,000 to return on Monday if the strike is not called off, and on the assumption that it is that figure is likely to rise to at least 50,000. There are still powerful pockets of resistance to ending the strike without any agreement, because the fate of 700 men dismissed by the coal board after being convicted of various offences is still undecided.

The NUM wants all the men reinstated as part of a general amnesty, and the militant Kent area will tomorrow urge that the strike goes on until they all get their jobs back. This tough line is not likely to win many votes, but there is a serious head of steam behind the demand at rank and file level.

The board's policy is that the question of amnesty is one for local management. 37 sacked pitmen have already been taken back and where the original offences are not grave there are good prospects of reinstatement after a period. However, the board insists that 430 men convicted of violence or vandalism on board property will never be re-employed.

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## First royal blood donor

The Prince of Wales giving a pint of blood yesterday in an attempt to allay the shortage of transfusion blood caused by the scare about the killer disease, Aids. The Prince went to the North London Transfusion Centre, after having been asked to set an example by becoming a donor (Robin Young writes).

As a first-time donor, the Prince, who attended the centre shortly before lunch, was not given a hot drink, but rested for a short while and drank fresh orange juice. The centre director, Dr Marcela Contreras, said that the Prince's blood would not be specially labelled. It would be screened as usual and would go anonymously to any patient in need. "We hope the Prince's visit will encourage more new donors to come forward."

## Labour poll lead in wake of pound's fall

By Anthony Bevis, Political Correspondent

Labour has reestablished a lead over the Conservatives for the first time since last July, according to a Market and Research International poll carried out for last night's ITV programme, *The Strike and the Nation*.

In the wake of the fall in the value of sterling, and the controversy which followed Mr Clive Ponting's acquittal, the NIORI sample gave Conservatives 38 per cent, Labour 40 per cent, Alliance 19 per cent, and others 3 per cent - a nine point swing to Labour since the last election.

The survey produced strong views about the perceived divisiveness of the Prime Minister's policies, and the possible riots which might be provoked by them. More than two-thirds of those questioned (67 per cent) thought that Britain had become more divided under Mrs Margaret Thatcher; a majority (52 per cent) felt very strongly that the gap between rich and poor had widened in the last few years, and 63 per cent felt it to some extent likely that riots and civil disturbances would become commonplace in cities in the next few years, if present policies were continued.

A majority of Conservative supporters (56 per cent) also felt that the Government should do more for communities and people hit by unemployment. Tory rifts, page 8

## Israel hint of peace talks concession

Jerusalem. - In a new development in attempts to enforce the Middle East peace process, a senior Israeli Government official hinted strongly yesterday that the Israeli negotiators would be prepared to go beyond the Camp David accords in future talks (Christopher Walker writes).

At a briefing for foreign journalists, the official, who is known for his close contact with Mr Shimon Peres, the Prime Minister, said that although the Palestinian autonomy proposal in the Camp David agreement would be the starting point for any negotiations, Israel would be prepared to "check and assist" any other proposals.

## 'IRA will not win' pledge by Hurd

From Colin Hughes Belfast

Mr Douglas Hurd, Secretary of State for Northern Ireland, faces his biggest security crisis in the province after the devastating IRA mortar bomb attack on Newry police station.

He spent yesterday in Northern Ireland where he, the RUC's acting chief and Constable Michael McAtamney, the general officer commanding the Army, Sir Robert Richardson, analysed a spate of violence which has led to 18 deaths in the past eleven days.

Since February 17, a prison officer, an RUC sergeant, a former UDR soldier, and an alleged informer had been shot by the Provisionals. Last Saturday three IRA members were shot dead by an undercover Army squad while returning from an aborted operation, making a total of eight IRA members shot by security forces in three months. As well as the nine RUC officers who died at Newry, another UDR soldier was killed on Thursday night in a bomb attack in Pomeroy, Co Tyrone.

An IRA statement yesterday singled out for comment last Saturday's shooting, but sources say the Newry attack was not in retaliation. More probably, the Provisional IRA has initiated this campaign to end the sense of calm induced by the 1984 casualty figures, which were the lowest in the province for 15 years.

Mr Kinnock said the attack displayed the "full bestiality" of the IRA, but admitted there were no easy answers. Mr Peter Barry, the Irish foreign minister, agreed with Mr Hurd that the IRA was achieving the exact opposite of its bombing aims.

The quicker we can set up political structures in Northern Ireland to which the nationalist population can show their allegiance, the better, he added.

Dr Garret Fitzgerald, the Irish Prime Minister, vowed that his government would spare no effort to "apprehend and put away those responsible for this atrocity if they crossed the border into the republic."

Mr Hurd yesterday visited the scene at Newry and made his most determined statement yet on the fight against terrorism in Northern Ireland.

He said that efforts towards a political solution "shrunk to insignificance against the need to prevent terrorism and that a robust security policy was about "grinding down" the terrorists.

He said the mistake they made was believing that attacks such as that at Newry weakened the government's resolve; on the contrary, it strengthened it. Backing for a political agreement as the only solution came from Mr Neil Kinnock, the Labour leader, and the Dublin Government last night.

Leading article, page 9  
Mortar attack analysis, back page

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INSIDE



Get set for the festival season  
Your cut out guide to what's on and where

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Sir Stanley Matthews on his heydays in soccer

Striking out on their own  
The women behind the miners' strike

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David Miller on Real Madrid's match against Tottenham Hotspur

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## Coroner blames modern furniture for house fire deaths

Fire safety standards in modern British furniture were criticized as inadequate by a coroner yesterday at the inquest on nine victims of a Christmas Day fire.

Mr Bryan North said, after returning from an investigation into the deaths of nine people killed at a house in Bury, Greater Manchester, that Britain lagged behind in preventing furniture from catching fire.

"There is always an immediate outcry about the expense, but the actual cost is negligible compared to the saving of life". Smoke and dense toxic gases from a burning suite, at temperatures of up to 1000 C, spread through the house where 14 people were sleeping.

The fire is thought to have started when wrapping paper from children's presents burning in a coal-fire ignited a blanket and cushions used by a sleeping couple in the rear living room in turn setting fire to the modern lounge suite. The victims died from inhaling fumes, the inquest was told.

The Greater Manchester assistant chief fire officer, Mr Robert Graham, said the suite was made of polyurethane foam covered with polypropylene, which melted away, exposing the foam inside. The foam was easily ignited and when ignited spread the fire rapidly.

Mr Graham was asked about

legislation in California, where furniture has to be flame resistant.

"The effects of that legislation, which has been in operation for almost 10 years, is that there has been a 42 per cent drop in fire deaths involving burning furniture. The cost to the public is estimated to be a 5 per cent increase on a suite of furniture".

Recording the verdicts, Mr North, the coroner for Manchester North, said the furniture's construction was such that on ignition it gave off considerable quantities of toxic gases and fumes.

"The gases reached such a temperature that they charred everything inside. They were caused by the construction of modern furniture. If the furniture had been of more traditional construction the materials would have tended to smoulder for a much longer period and not ignite for a considerable time."

"The smoke and fumes given off would certainly not have been toxic to the extent that they would have caused such sudden death."

The inquest was told the four children had been left with babysitters in the three-bedroom terrace house in Massey Street on Christmas Eve while their parents went out for a family reunion.

When they returned shortly after midnight the children were allowed to get up to open some presents.

Those who did were: Mrs Betty Carroll, aged 47, a widow, her father Mr Walter Jones, aged 76; her daughter Joanne, aged 15 and another daughter, Mrs Laura Fry, aged 27, a divorcee, and her children, Scott, aged six and Lyndsey, aged three.

The two other children who died were Barry Gaunt, aged two, and his brother Dean, aged four, whose parents, Mr Brian Gaunt, and his wife Deborah, escaped. The ninth victim was a friend of Mrs Fry, Mr Darrell Smith, aged 24.

● A fire on Christmas Day in Catford, south London, in which two men died could have been started deliberately, an inquest at Southwark was told yesterday.

Sir Montague Levine, the coroner, who recorded open verdicts on Mr Lawrence Nears, aged 48, and Mr James Bull, aged 62, was told of a smaller fire a few days earlier.

Neighbours rescued two tenants from the house, in Ravensbourne Road but Mr Nears, a financial manager, was trapped inside, and Mr Bull, a retired park keeper plunged to his death trying to escape from his upstairs room.



Feminine forces: Uniformed women, past and present, celebrating yesterday's opening of "Mummy, what did you do in the Great War?", a War Museum display of women's work in the First World War. (Left to right) Second Officer Sabrina Lippell, WRNS; Captain Wendy Loughman, WRAC; and Flying Officer Anna Smythe, WRAF; with First World War veterans Mrs Beatrice Browne, WRNS; Mrs Ruby Ord, WAAC; and Mrs Elsie Crossley, WRAF. (Photograph: John Player).

## Nine-year fight won over boy's deafness

The father of an 11-year-old boy who refused a "sensory" offer of £6,000 for his son's disability from a local health board, was awarded £102,000 in the Court of Session in Edinburgh yesterday.

Andrew Kay, then aged two, was made deaf by a large overdose of penicillin mistakenly administered.

Mr James Kay, aged 54, of Ardayre Road, Prestwick, a geography teacher, sued Ayrshire and Arran Health Board for £200,000 on behalf of his son.

In his nine-year battle he engaged five sets of solicitors and four counsel but all of them advised him to accept the £6,000 offer. As he did not have a solicitor he could not get legal aid and had to conduct his own case at a total cost of £10,000.

Lord Davidson, awarding the damages, said the boy was admitted to Seaford Children's Hospital, Ayr, in November, 1975, suffering from meningitis. A senior house officer was instructed to inject 10,000 units of penicillin but by mistake injected 300,000 units.

The boy was now profoundly deaf and had undergone a personality change. He was aggressive, destructive, hard to teach and lacking in affection. His deafness would be permanent and he would never be able to speak.

His teachers described him as highly intelligent with an IQ of 122.

The board, while admitting an overdose was given, claimed the deafness was wholly attributable to meningitis. They claimed that the boy was probably deaf before the overdose but the judge said the evidence did not convince him.

After yesterday's decision, Mr Kay said: "It is a great victory for one man against the system. It gives hope to other patients; it is a good day for the law and a good day for natural justice. There will be a few red faces in the legal profession."

## Rail arches in search of business

By Our Transport Editor

British Rail is to spend £30 million on renovating old railway arches for use as commercial premises, it was announced yesterday. Suitable for small businesses in inner city areas, there are more than 8,000 already.

Caterers, designers, wine merchants, photographers, bookbinders and leisure centres are gradually displacing the scrap merchants and old car repairers who have been the traditional tenants of the nineteenth century arches.

The mark the new drive, BR Property Board opened a Festival of the Arches exhibition under Elephant and Castle station, south London.

## Aids death toll 58 in largest monthly rise

By Nicholas Timmins, Social Services Correspondent

The death toll from Aids has risen by seven to 58 in the past month, with 14 new cases taking the total to 132.

All the new cases and deaths, in the largest reported monthly rise so far, involve homosexual men, the Department of Health said yesterday, as specialists claimed that new guidelines on laboratory testing for Aids were too stringent and could jeopardize patient care because of their cost.

In a letter to the *British Medical Journal*, Professor Michael Adler, Dr Anthony Pinching and Dr Richard Tedder said that the decision to recommend that Aids samples should be handled in category 3 containment, rather than in category 2, cannot be justified

## Freak fog hits power supplies

Hundreds of homes and factories between Sheffield and Leeds have experienced surges in their electricity supply, causing appliances to turn off or behave erratically.

The phenomenon, on Thursday, was caused by a freak fog carrying atmospheric dust which settled on the insulators of power pylons and shorted the cables. The dust and moisture formed a conducting circuit, allowing the electricity to pass from one cable to another.

Consumers in the South-west experienced a similar phenomenon last week, when salt spread on the roads in the sooty weather mixed with the atmosphere. On a damp day the same arcing effect occurred.

## Airline tackles ticket fraud

By John Lawless

British Airways is to become the first airline to introduce an electronic check-in system to combat ticket fraud.

A study by the Geneva-based International Air Transport Association shows that airlines lose \$200m a year from stolen or altered tickets. They had always thought before that tackling fraud would be more expensive than the loss. But carriers have been even more

disturbed to discover that organized crime groups are now active.

The airlines problem is that unused tickets are practically a blank cheque. Tickets stocked by agents are blank, so thieves can fill them in for almost any amount, up to \$5,000 each for a round-the-world trip.

Gangs have also worked with insiders in travel agents on "cardboarding" frauds. A low-

cost flight is paid for, cardboard inserted between the tickets top copy and the carbonated duplicate. The buyer can then fill in a different specification on the duplicate.

Airlines were also astonished to hear of the number of tickets bought for children and, having been passed via a forger, validated for adult use and even first-class travel.

Both frauds have the advantage of not needing to also counterfeit an agency's authorization stamp, and do not involve the large-scale risk involved when bundles of tickets are stolen.

All airlines are exposed on an international basis because they have to issue large numbers of blank tickets, to agents in all countries they fly to.

The sale of blank tickets has been especially brisk among black communities in the United States for flights to Africa.

Thefts have been particularly prevalent in Nigeria.

Although Iata and US company Arinc, issue a daily bulletin of blacklisted tickets, with their serial numbers, it has proved impossible to control fraud. Iata's members carry two million passengers a day which makes manual verification at check-in desks impossible.

## Concorde link with QE2 world cruise to expand

By Michael Bailey, Transport Editor

British Airways is planning to expand Concorde charters after a number of trail-blazing flights to link up with Cunard's liner Queen Elizabeth II on her round-world cruise.

A Concorde will leave Heathrow today for its first flight to Hong Kong after last month's pioneering visit to Sydney. Later this month it will take QE2 passengers to Singapore and Cape Town, and next month to Rio de Janeiro, offering a first view of Concorde in South Africa and South America.

The link-up is part of a £12 million charter programme for

Cunard this year, and the flights are seen by BA as a curtain raiser for new charter business for Concorde to distant destinations.

Concorde is already among the most profitable parts of BA, with an expected profit of £10 million to £15 million on a £100 million turnover this year of which charter accounts for about 8 per cent.

The QE2 world cruise route is as follows: New York, Panama, Los Angeles, New Zealand, Sydney, Manila, Hong Kong, Singapore, Colombo, Bombay, Seychelles, Durban, Cape Town, Sao Paulo, Rio de Janeiro, Florida, New York, Southampton.

## Air New Zealand wines 'very classy'

By Robin Young

Wines served by airlines in their business class vary from "very classy indeed" to "dreadful and disgusting", according to an expert panel, including *The Times* wine correspondent, Miss Jane MacQuitty, after a blind tasting of 45 airline wines in London on Thursday.

When the wines were analysed yesterday it was found that Air New Zealand had easily beaten all competition, to the delight of the London wine bar owner, Mr Don Hewitson, a New Zealander who conceived the idea for the tasting when he noticed how good the wines served by his national airline were.

The panel put Air New Zealand's white (Montana Chardonnay 1983) at the top of their preferences, while the red (Montana Cabernet Sauvignon 1979) came second to Iberia's Rioja (Muga 1976).

Lufthansa took second place for white wine with a Wiltberger Schanzberg Halbtrocken Kabinett 1983.

Quantas, runner-up to Air New Zealand overall, with Orlando Shiraz-Cabernet 1981 fourth in red and Tulloch's Rhine Riesling placed sixth among the whites. At the bottom end of the scale came the choices offered by TAP, El-Al and Olympic, although SAS

also scored badly for red, and KLM and British Airways for white.

British Airways finished seventeenth overall out of the 22 airlines showing both red and white wines. British Caledonian, with a Beaujolais Villages and Chablis 1983 did better, coming twelfth overall.

Mr Hewitson said: "It is good to see up-and-coming wine producing countries taking pride in their national wines. Obviously many carriers take care choosing the wines they offer, but others seem willing to take anything that they can get cheap".

## Judge sees contested Sellers film

A High Court judge yesterday watched the Peter Sellers film described by the actor's widow as an "insult" to his memory.

A private screening of *Trial of the Pink Panther* was arranged for Mr Justice Hobhouse on the fifth day of the legal action by the Sellers estate against United Artists and the film's director, Blake Edwards.

Before retiring to his chambers to watch the film, the judge saw a courtroom video show of some of the discarded footage from five earlier Pink Panther films, used in its production in 1982, two years after the actor's death.

The actor's estate, backed by his widow, the actress, Lynne Frederick, is asking the judge to ban further screening for alleged breach of contract.

United Artists and Mr Edwards are contesting the action, claiming that they hold full copyright.

The hearing continues on Monday.



First principal Jeffrey Tate, who has been appointed principal conductor of the English Chamber Orchestra, the first in the history of the orchestra which celebrates its silver anniversary during the 1985-86 season. A qualified medical doctor, he first conducted the ECO in 1982 and has since worked with it at home and overseas. His first London appearance in his new role will be on March 12 at the Royal Festival Hall.

## BMA may continue drugs fight

The British Medical Association is to decide next Thursday whether to apply for judicial review in the hope of having the Government's plans to ban 1,800 drugs from the National Health Service declared illegal.

The Government yesterday laid the regulations giving effect to the blacklist, but family doctors' leaders said that it had still not provided the criteria by which drugs had been excluded.

Dr Peter Enoch, deputy chairman of the association's general medical services committee, said that final legal advice was still awaited, "but there is nothing in the regulations that we can see so far that makes the list any more legal than we believed the provisional list to be".

The association appears to have dropped attacking the list as inadequate, now that the permitted drugs have been trebled to more than 100 preparations.

## Barefoot rapist sent to prison

A rapist trapped by detectives because of the prints of his bare feet was jailed for seven-and-a-half years at the Central Criminal Court yesterday.

Gerald Cattouse, aged 20, unemployed, of Knoll Road, Wandsworth, south-west London, had earlier been convicted of rape, two burglaries and assault. He had denied the offences.

## Steep rise in centre's cost

The GLC's plans to convert the Round House in Camden into a black arts centre may eventually cost nearly £8 million, four times as much as originally expected (Our Arts Correspondent writes).

The council has formed a number of options for the conversion of the former railway shed into a national centre for black culture. The most expensive would involve

the purchase of land from the Metropolitan Police for £1 million and the erection of a 400-seat theatre, in addition to the conversion.

But the project is threatened by rate-capping. The council's arts and recreation committee intends to preserve ethnic arts from the effects of spending cuts, but will not know how its budget will be affected by economies until next month.

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# Sizewell could not be a Three Mile Island, inquiry told

From Pearce Wright, Science Editor, Snape

A Three Mile Island type accident could not happen if a similar sort of nuclear power station was built in Britain, the Central Electricity Generating Board asserted confidently yesterday.

The reason for its confidence was contained in a submission to the Sizewell public inquiry, during the past two days, into some of the most complicated aspects of assessing safety hazards of nuclear reactors.

Lord Silsoe, QC, counsel for the board, told the inquiry that "to keep up to date with current problems on operating stations, the board has joined the Institute of Nuclear Power Operations and the Nuclear Safety Analysis Centre, both of which were set up as a result of the Three Mile Island accident."

The advantage of membership is that any incident reported on any station run by members of the group - that included most operating bodies in America and on the Continent - was fed into a computer database. Members were told of an incident the day it happened.

The board believed that the procedure made it certain that any incidents at power stations similar to the pressurized water reactor (PWR) they planned could be picked up.

Each incident was categorized, and the more serious ones

analysed by the Nuclear Safety Analysis Centre in the United States.

Designers would be required to take positive action, and sign a form acknowledging the accident and indicating whether it was relevant or not to Sizewell B. If it was relevant, they would be required to indicate in writing the action they were taking.

One beneficial result of the Three Mile Island accident was said to be a tremendous increase in the willingness of international bodies to make available detailed data.

Lord Silsoe described safety measures to avoid accidents called "adverse systems interaction". He said the board recognized the possibility that not all potential faults from this source had been identified.

Faults could happen where there were links between different types of engineering systems: electrical, hydraulic, pneumatic, and mechanical. These possible faults are called "functionally coupled interactions".

Another category is called "spatially coupled interactions", due to "common cause" events initiated by earthquake, fires, floods, missiles and abnormal environmental conditions, both internal and external to the plant. A third category was "human error interactions".

## Europe and US bid for British Rail order

By Michael Bailly  
Transport Editor

Europe and the United States may capture a substantial share of huge orders for locomotives for British Rail worth more than £1,000 million during the next 25 years.

About 1,500 main locomotives are needed to replace the fleet of main-line diesels and electrics, built largely in the 1960s and 1970s and nearing the end of their useful lives. For the first time British Rail will give foreign makers an equal chance to bid for the business in competition with its own British Rail Engineering Ltd subsidiary, and domestic manufacturers such as GEC and Brush.

British Rail's current projections are for 250 electrics, 400 passenger diesels and 850 freight diesels at up to £1 million each to the year 2010, with deliveries building up from about 30 a year in the late 1980s to a peak of 170 a year in the mid-1990s.

The option of building abroad is seen as an essential element of cost control over a period when rail finances are expected to be under pressure. British Rail says it "will give encouragement and support to UK suppliers which are able to meet its requirements, but reserves the right to choose foreign manufacturers if there are compelling technical or financial reasons for doing so".

Most of British Rail's fleet of more than 2,000 main-line locomotives were built at its works at Crewe, Doncaster, Darlington, Derby and Eastleigh, with others supplied by English Electric at Newton-le-Willows, and Brush at Loughborough.

Crewe and Doncaster would be the main British Rail contenders for the orders, and rail unions are unlikely to take kindly to the new policy in the light of rationalization at BRE, where manpower has dropped 5,000 in two years.

Very few locomotives operating in Britain were built abroad, and there was a future when British Rail ordered nearly 60 freight locomotives from Romania in the 1970s. But an order for four heavy freight locomotives was recently placed with General Motors by a private sector freight operator on British Rail.



Long live democracy: A Uruguayan hails President Sanguinetti's inauguration, and the end of military rule.

## Ortega and Shultz stall on meeting

From Douglas Tweedale  
Montevideo

Central America took centre stage in Montevideo yesterday as heads of state and diplomats attending the inauguration of President Julio Sanguinetti as President of Uruguay used the occasion to discuss the flagging Contadora peace process.

Expectations of a meeting between the US Secretary of State, Mr George Shultz and President Ortega of Nicaragua dominated the day, with both sides expressing interest in the meeting but claiming there were no concrete plans.

Two members of Mr Shultz's delegation were seen entering Señor Ortega's hotel suite early yesterday morning, but the Nicaraguans said they had spoken only with the President's secretary.

A State Department spokesman travelling with Mr Shultz said there were no plans for a meeting, but "that doesn't mean it can't still happen".

Both Mr Shultz and Señor Ortega met Señor Sanguinetti separately before he was sworn in yesterday afternoon, and there was speculation that Uruguay's first elected President in nearly 12 years could play an important role in bringing them together.

Sources in the two delegations said there was still time for a meeting to take place.

## Army rule rejected in Uruguay

From Douglas Tweedale  
Montevideo

Señor Julio Sanguinetti took office as Uruguay's first elected president in nearly 12 years yesterday, promising that a military government "will never occur again" in his country.

President Sanguinetti, the 48-year old leader of the centre-right Colorado party, took the oath of office before a joint session of Congress packed with visiting foreign dignitaries.

In his inaugural speech, he said his first act would be to submit a "plan for national pacification" that included a partial amnesty for political prisoners held under the military government, but not for prisoners guilty of intentional homicide.

Señor Sanguinetti received a standing ovation when he said "in a few moments I will take over supreme command of the armed forces," and added that the military "will have to adjust from a situation where they held complete power to being subordinate to an elected government." The guiding principles of his government would be liberty, justice and freedom of expression.

"There are five difficult years ahead in which we will disagree on many things and have many discussions," Señor Sanguinetti said. In an emotional speech applauded repeatedly, he said: "This is something we must do among all of us. It is not up to the President or the Government alone."

## Case of subway vigilante may be opened again

From Nicholas Ashford  
Washington

The case of Mr Bernard Goetz, the New York subway vigilante who shot four black youths last December, may be reopened as a result of new evidence showing that he had fired a second shot at one of his alleged muggers.

According to a police report made public on Wednesday, Mr Goetz had checked the condition of each of the four victims after he had shot them. He bent over one of them and said: "You don't look so bad, here's another".

The Manhattan District Attorney's office said the case may be submitted to a new grand jury to decide whether to indict Mr Goetz on charges of attempted murder.

## Hassan cancels his Sahara visit after threat by Polisario

By Edward Mortimer

King Hassan of Morocco yesterday abruptly cancelled a much-heralded visit to the former Spanish territory of Western Sahara scheduled for this weekend.

He had planned to celebrate the annual "throne festival" tomorrow Morocco's national day and the 24th anniversary of his accession, in the capital of Western Sahara, La YOUN.

Moroccan officials had presented this as proof that the northern part of the territory, which Morocco annexed in 1976, was now completely pacified.

But yesterday it was announced without explanation that the celebrations had been transferred to Marrakesh. The move appeared to herald new developments in the nine-year-old war for the territory.

The Polisario Front, fighting for the independence of Western Sahara, had described the planned celebration in La YOUN as "provocation by the Moroccan aggressor" and pledged to disrupt it.

In London on Thursday night Mr Muhammad Ould Sidati, a senior member of the Front, told *The Times* that any foreign diplomats who attended would be acting "irresponsibly". He said the whole territory was a war zone and that only last Sunday a German private plane which had trespassed into Saharan territory had been shot down by Polisario forces.

In fact, no foreign ambassadors had been invited to La YOUN, because no foreign government recognizes Moroccan sovereignty in Western Sahara. The ambassadors have now been asked to attend the celebrations in Marrakesh.

Two possible motives have been suggested for the King's sudden volte-face. One is that Polisario operations well inside the Moroccan defensive wall early last week had shown the area was not in fact pacified and that the Polisario threat to

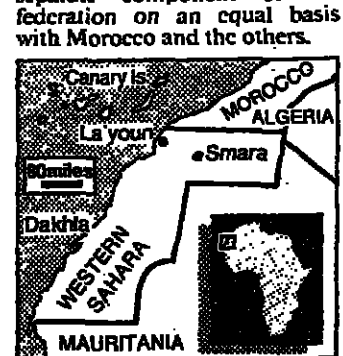
disrupt the occasion had to be taken seriously. This would obviously be a big achievement for the Polisario Front and a blow to King Hassan's credibility at home and abroad.

The other theory is that the decision was taken at the request of President Chadli Bendjedid of Algeria, who in Tuesday admitted publicly for the first time that a secret "exchange of views" has been going on about Western Sahara between Algerian and Moroccan officials.

The Algerian Government newspaper, *El Moudjahid*, has denied that Algeria suggested in these talks internal autonomy for Western Sahara, which Algeria, with many other states and the Organization of African Unity recognizes officially as the "Saharan Arab Democratic Republic". President Chadli himself did not deny this.

Algeria has been the Polisario's main external supporter, and its main political and military base is at Tindouf in Algerian territory. If President Chadli and King Hassan were to agree on a compromise solution, it would be very difficult for the Polisario to refuse it.

In his speech on Tuesday, Mr Chadli for the first time suggested a solution involving a federation of all the North African countries. The Polisario would be willing to accept this, provide the territory was a separate component of the federation on an equal basis with Morocco and the others.



## Governor to be tried for building frauds

New Orleans (Reuters) - Governor Edwin Edwards of Louisiana, his brother, a nephew and four other men were indicted by a federal grand jury on charges of racketeering and mail fraud.

Mr Edwards, a Democrat in his third term as governor, had expected the indictment and told a press conference earlier this week that he would not resign.

The indictment climaxed a five-month federal investigation into the activities of Hospital Development Corporation, which Mr Edwards represented as a lawyer.

Mr Edwards has admitted receiving nearly £2 million as a partner in the firm before his inauguration last year. Last summer he exempted five of the firm's projects from a ban he had imposed on hospital construction in Louisiana.

Hand restored after 65 days

Belgrade (AP) - Yugoslav surgeons have restored a farm worker's severed hand that had to remain separated for 65 days from the partly crushed forearm to allow it to heal before "a unique microsurgical operation".

During the long healing period, the Belgrade daily *Politika* said, the hand remained attached to the patient's body near the right armpit to ensure normal blood circulation.

## Parade boycott

The Irish Government is to boycott the St Patrick's Day parade in New York for the second time in three years because it is being led by an IRA sympathizer. The decision was announced here by Mr Peter Barry, the Irish Foreign Minister.

## Heart setback

Louisville, Kentucky (AP) - Doctors may return the artificial heart recipient Mr Murray Haydon to surgery to stop bleeding in his chest. A spokesman said this would be "a major complication".

## Publisher guilty

Toronto (Reuters) - Ernst Zundel, a West German who is an avowed disbeliever in the Nazi killing of six million Jews, has been convicted of publishing anti-Jewish literature but freed pending appeal. He could face up to two years' imprisonment or deportation.

## Polio scare

Helsinki (Reuters) - Three more suspected cases of polio have occurred in Finland, medical officials said. There have been five confirmed cases, including a 17-year-old boy who died.

## Carrier sold

Canberra (Reuters) - Australia's mothballed aircraft carrier, Melbourne, which sank two destroyers in peacetime, has been sold for scrap to China for nearly £1m.

## Court cannabis

Auckland (Reuters) - Nikolai Vshukou, aged 25, pulled on a cigarette to calm his nerves before appearing in court and found himself in the dock. Astonished police caught the pungent smell of cannabis and he was fined about £80.

## Unrequited love

Geneva (AFP) - A Chinese political refugee, Cheng Wang, was jailed here for the fourth time because of his love for a Chinese girl assistant in a bookshop. On release, he heads straight for the shop to "contemplate" the girl, who complains he is pestering her.

## Out to lunch

Peking (Reuters) - More than 30 restaurants in central Peking have bowed to public pressure and agreed to stay open at lunchtime. Hungry customers were enraged because staff used to put up "not working" signs at 1pm and sleep till suppertime.

## Gunmen kill Iraqi envoy in Kuwait home

Kuwait (Reuters) - An Iraqi diplomat and his son were shot dead by four gunmen in their home in Kuwait early yesterday.

Mr Hadi Awad Saeed, assistant cultural counsellor at the Iraqi Embassy, died in hospital and his son Hosni, at home, the Kuwaiti news agency reported.

An investigation is underway to determine the identity of the attackers. The motive for the killings is unclear.

The diplomat's wife escaped unhurt, apparently unseen by the attackers. Diplomats said that on the basis of the sketchy information available the attack appeared to be assassination rather than random murder.

If the attack was politically inspired, Kuwait's support for Iraq in its war against Iran could have been one possible motive, they said.

In Baghdad, the Iraqi Foreign Ministry denounced the attack as "an act of cowardice" and called on the Kuwaiti authorities to take measures to arrest and punish the killers.

● VIENNA. The Libyan People's Bureau in Vienna yesterday condemned the shooting of Libya's former ambassador to Austria and blamed the United States for the attempted assassination.

The Bureau said it was "shocked and astounded" by the attack Thursday night on Mr Ezzeddin Al-Ghadamsi outside his Vienna residence. He was shot five times.

Mr Ghadamsi is in Vienna's Wilhelminen hospital in serious condition and was undergoing a second operation to remove bullets, hospital sources said.

Mr Ghadamsi was one of the officers led by Colonel Gadhafi who overthrew King Idris in September, 1969. He became Libyan Ambassador to Austria in 1971.



Fort William: Emily Kempster, aged seven, from Weybridge, Surrey, with her prize-winning design. (Photograph: Chris Harris).

## Princely design for living

The winners of the Royal Institute of British Architects' children's competition to design a home for Prince William were presented with their awards yesterday in London.

The winner in the 14-18 age group was Stephen Oliver, aged 15, from Basingstoke, Hampshire, with a Scottish castle style residence with indoor swimming pool.

The competition was based on a painting of a now demolished Scottish nineteenth century mansion.

The youngest winner was Elizabeth Jackson, aged three, from Bradford-on-Avon, Wiltshire.

## Festival gardens to reopen

Britain's first international garden festival, held at the reclaimed Mersey dockland site last year, will reopen this summer.

Liverpool City Council and the Merseyside Development Corporation which developed the site, have agreed terms and the site will reopen on May 23 under the title, the Festival Gardens.

Mr Donald Foster, the corporation chairman, yesterday promised that there would be "quite a lot" of jobs created by the 20-week festival with priority going to those who worked on the popular attraction last summer.

Tony Byrne, chairman of the council's economic development committee, said: "We wanted to make sure the people of Liverpool get the best deal out of the garden festival."

It is hoped to keep the site open for at least three years. No entrance fees have been fixed.



Happy landing: Señor Ortega arrives in Uruguay.

## Peacetime role for civil defence

By Philip Webster, Political Reporter

The Government is anxious to promote legislation which would allow the whole apparatus of Britain's civil defence network, and funds devoted to it, to be used during peacetime emergencies as well as against hostile attacks.

Home Office ministers are hoping to persuade a Conservative backbench MP to promote a private member's Bill, which the Government would support, to fulfil the commitment in the party's 1983 election manifesto to amend the Civil Defence Act, 1948.

The Act allows civil defence duties to be placed on local and central authorities, but in theory it applies only to times of war. In effect local authorities would and do use most of the resources involved to tackle peacetime emergencies.

An amendment of the Act would allow for more flexibility in civil defence services to meet natural disasters, such as the east coast floods, or the



Happy landing: Señor Ortega arrives in Uruguay.

## School meals staff lose appeal over dismissals

School meals staff who lost their jobs because of spending cuts forced by government curbs yesterday lost their fight in the Court of Appeal.

The 4,100 workers in Hertfordshire, and 1,400 workers in East Sussex, claimed that their dismissals and offer of new contracts with lower wages, were unlawful because national agreements were ignored. But Sir John Donaldson, Master of the Rolls, said there was not a shred of evidence that either authority acted unreasonably.

But he added: "No one can feel other than sympathy for those employees who were adversely affected by the county council's decisions and for the county councils themselves in having to make those decisions."

Lord Justice Mustill also sympathized with the "misfortunes" of the staff.

The appeals against the decision of Mr Justice Mann in the High Court last April, were dismissed, and the meals staff supported by the National Union of Public Employees were ordered to pay the costs.

## Mail on Sunday pays damages over libel

Cunningham Hart & Co, the chartered loss adjusters have been paid "substantial" damages over allegations by newspapers that the firm struck a ransom deal with criminals to recover valuables stolen in a robbery at Woburn Abbey.

A High Court judge was told yesterday that the *Mail on Sunday* now acknowledged that there was no truth in the allegations which the paper published last October.

Mr Andrew Caldecott, counsel for Cunningham Hart and their senior partner, Mr Anthony Hart, said they always observed a strict code of conduct in paying rewards for the returns of stolen property.

The *Mail on Sunday* story by Mr Chester Stern, the crime correspondent, falsely alleged that detectives, led by Det Chief Sup Brian Prickett, head of Bedfordshire CID, set up the deal over the Woburn valuables after the criminals had approached Cunningham Hart.

## Cyprus President rejects ultimatum by MPs

President Kyprianou of Cyprus rejected last night a call by the majority in Parliament to resign with its wishes or comply with its demands for a compromise that could restore a consensus on how the Cyprus problem should be solved.

The President was broadcasting to the nation after Cyprus's two biggest parties - the conservative Democratic Rally and the communist Akel - in rare union, censured him for rejecting a UN-sponsored formula for a federal settlement with the Turkish Cypriots.

"I am willing to co-operate with all in searching for and accepting a lawful framework of consultations that would aim at unanimity or the widest possible agreement on the policy and handling of our national issue", the President declared.

He would, therefore, under-

## Kasparov hits at world chess body

From Richard Owen  
Moscow

Gary Kasparov, who last month caused a sensation in Moscow by protesting publicly against the decision to halt the world chess championship, yesterday urged the International Chess Federation (Fide) to fix the terms for his new match against Anatoly Karpov by May rather than waiting until the Fide congress in August.

The new match is to be in September and may be played under new rules limiting the number of games. Mr Florencio Campomanes, the Fide president, ended the six-month marathon between Kasparov and Karpov, after 48 games.

In an interview with *Tass* yesterday Kasparov said both he and Karpov were concerned about procedures for their new match.

## Gunmen kill Iraqi envoy in Kuwait home

Kuwait (Reuters) - An Iraqi diplomat and his son were shot dead by four gunmen in their home in Kuwait early yesterday.

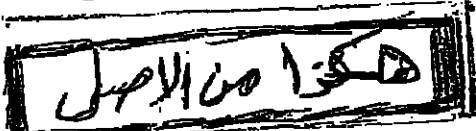
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# Rajiv Gandhi accused of trying to create one party rule in India

From Michael Hamlyn  
Delhi

Mr Rajiv Gandhi, the Prime Minister of India, is accused of trying to create one-party rule in the largest democracy in the world.

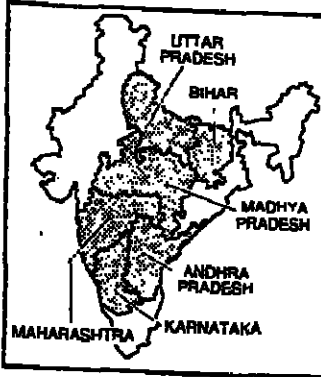
Mr Gandhi has been touring the country over the past two weeks urging people to vote for his Congress (I) Party in state legislature elections which begin today.

After his victory in last December's general election, which gave his party more than 400 seats in the 542-member lower house of Parliament, Mr Gandhi is aiming to repeat the magic by having Congress ministries returned in 12 local assemblies.

Almost three-quarters of the country's electorate are entitled to vote in the polls which take place today and Tuesday. Mr Gandhi has been telling them that a Congress Government in the state legislature will ensure that the people of the state are not excluded from national life.

He has been emphasizing the benefits that accrue to the people if they have the same party in power at the centre and in the state. He has also been emphasizing his own dynamism and determination to clean up public life by pointing to the speed with which he passed a Bill outlawing political defections.

But the Opposition has been



saying that the concept of the same party ruling at the centre and in the states will lead to authoritarian government. Mr Atal Behari Vajpayee, the president of the right-leaning Bharatiya Janata Party, declared in Jaipur this week that the weakening of the Opposition was "dangerous to the survival of democracy in the country".

The only states where elections are being held that are under the control of non-Congress governments are Andhra Pradesh and Karnataka in the south of the country. Neither was due to have elections, since they both last voted in January, 1983.

In Andhra, Congress was put out by the meteoric rise of the former film star, Mr N T Rama Rao, whose Telegu Desam Government was toppled last year by Mrs Indira Gandhi but

who was eventually reinstated. Telegu Desam won handsomely in the general election and now forms the largest opposition party in the Lok Sabha in Delhi.

In Karnataka, Congress was replaced by a shaky coalition of opposition parties led by the Janata Party. The Janata Chief Minister, Mr Ramakrishna Hegde, resigned and called for elections after the general election, in which his party did badly.

Voting takes place today in all 320 assembly districts of the highest state in the country, Madhya Pradesh, in spite of the turmoil that the state is in as a result of the agitation against an increase in reserved places for backward castes in state colleges. Voting will also take place in rather more than half the districts of the three most populous states, Uttar Pradesh, Bihar, and Maharashtra.

Voting on Tuesday will take place in the remaining districts of these three, plus Andhra and Karnataka, and Gujarat, Himachal Pradesh, Orissa, Rajasthan, Sikkim and the union territory Pondicherry.

● Delhi (AP) - Five party workers in a Jeep were killed when a bomb exploded yesterday in Bihar and three candidates were murdered elsewhere as paramilitary troops were deployed to prevent violence in the state elections.

## Right-wing settler surrenders in Noumea

From Diana Geddes  
Paris

One of five right-wing, anti-separatist militants ordered to be expelled from New Caledonia for provoking public disorder gave himself up to the police in Noumea, the capital, yesterday and his expulsion order was promptly suspended.

M. Emile Lebargy, President of the local branch of the National Union of Parachutists, arrived at the French High Commission accompanied by M. Roger Laroque, the Mayor of Noumea, and asked for suspension of the expulsion order because of his wife's poor health. This was granted, on condition that M. Lebargy presents himself twice a week to Noumea police.

Expulsion orders remain in force for the other four anti-separatists, all members of the extreme right-wing Caledonian Front, an affiliate of the French National Front. They are still in hiding with friends in the bush and cannot be found.

The five were accused of having provoked the violent confrontation between native kanaks and police on the day an illegal "picnic" was organized by right-wing, anti-separatist militants at this two weeks ago.

Some 30,000 anti-separatists took to the streets of Noumea last Tuesday to protest against the expulsion orders and to demand the immediate recall to Paris of M. Edgard Pisani, the



Back to school: M. Edgard Pisani meeting New Caledonia schoolchildren, back at their desks despite a boycott call.

French High Commissioner. Despite his Government's strong support, M. Pisani's position looks increasingly untenable. M. Dick Ukeive, Gaullist president of the vehemently anti-separatist New Caledonian government, has joined those clamouring for M. Pisani's return to France. M.

Pisani was "totally discredited" and had become an obstacle to dialogue, he said.

A schools boycott was observed yesterday by between 50 and 70 per cent of primary pupils outside Noumea but was scarcely followed within the capital.

## Benefits for Corfu Britons under new property law

From Mario Modiano, Athens

The Greek Parliament has approved in principle legislation to enable Britons who acquired properties in Corfu by circumventing a 1927 ban to keep the real estate or receive full compensation.

The legislation was tabled on Thursday night in the form of an amendment to a Bill restoring to former communist guerrillas properties seized during the Greek civil war.

Under this amendment people who sold such property are deprived of the right to reclaim it. This right transfers to the state, which may annul the sale contract only by invoking "reasons of national interest".

A report to Parliament explained that the ban was

imposed to prevent foreigners acquiring land in frontier areas, not to benefit former vendors tempted by the soaring value of such property. It accepted that the present owners had mostly acted in good faith.

If the state decides to retrieve any such property in the national interest, it must pay full compensation. However, the original vendor will be given first refusal provided he or she agrees to refund to the buyer the amount paid for the property, adjusted for inflation, and the value of additions made to the estate since taking into account revaluation of the entire property.

As the conservative Opposition supports the Bill, it should become law next week.

## Spanish MPs bury Flick affair but queries remain

From Harry Debelius, Madrid

The Spanish Parliament buried the uncomfortable Flick scandal and officially exonerated the Prime Minister, Señor Felipe Gonzalez, according to reports published here.

In a political trade-off, the Basque National Party's deputies voted with the Socialist majority to approve the conclusion of the special parliamentary committee which had investigated charges that hun-

dreds of millions furnished by the German Flick consortium were destined to aid the cause of Spain's non-communist left.

Speaking on behalf of the principal opposition party, the Popular Alliance, Señor José María Ruiz Gallardón said Señor Gonzalez should bring a suit against the West German Social Democratic deputy who first claimed that Señor Gonzalez received Flick money.

## France will put VE accent on peace

From Diana Geddes, Paris

France intends to celebrate VE-Day on May 8 with a military parade down the Champs Elysees in the presence of President Mitterrand, but the accent will be on reconciliation and 40 years of peace and cooperation in Europe, rather than on the allied victory.

"We will avoid any ceremony which could give the impression that we were celebrating a victory over Germany, when in fact we are commemorating a victory over Nazism and Fascism", M. Roland Dumas, the Foreign Minister said earlier this week.

Concerned by the feelings of resentment and unhappiness among the Germans caused by their exclusion from the 40th anniversary of the D-Day celebrations in Normandy last year, President Mitterrand has apparently promised Chancellor Kohl of West Germany that nothing will be done during this year's VE celebrations which could further hurt German sensibilities.

The ambassadors to Paris from both West Germany and East Germany have been

invited to attend the VE-Day parade with President Mitterrand, as have the ambassadors from Britain, the United States, and the Soviet Union as representatives of the five countries which signed the treaty bringing to an end the Second World War in Europe. No other foreign representatives is expected to attend.

On the day before VE-Day, a ceremony is to be held in Reims, where the Germans signed the unconditional surrender of the German forces. M. Mitterrand will be represented but will not attend.

● COLOGNE: West Germany's Roman Catholic bishops will ask Germans to repent of the Second World War in a declaration marking Germany's defeat on May 8, 1945 (Reuters reports).

"It will urge repentance and stress that God is the father of all peoples," Cardinal Joseph Höffner, chairman of the German Bishops' Conference, said after a four-day meeting this week of the 70 bishops in Cologne, at which the declaration was drafted.

## Two-tape video irks Hollywood

From David Watts  
Tokyo

The world's first double-cassette video recorder has made a controversial debut in the Middle East, but the Japanese company that makes it says there are no plans for worldwide marketing.

It allows duplication of video tapes at home with a single machine. Previously two recorders, connected by cables, were required to reproduce tapes.

It has already been dubbed an outrage by Hollywood and the video cassette recording industry as a new, cheap way of pirating films and videotapes.

The Sharp company of Osaka said a limited number of the recorders were made for a customer in the Middle East, believed to be in Saudi Arabia. They were produced to enable owners of home video cameras to edit their own films.

But a brochure available in the Middle East said they were made in response to the growing popularity of video.

Sharp said it did not put out the brochures, and it may have been published by the local distributor of the recorders. In any case, it is for distribution in the one market. A Sharp spokesman in the United States said the recorder was not designed or promoted to be a pirate machine or a tape duplicator. "If someone wants to pirate tapes, you can do it without this machine".

## Argentina faces strict austerity

Buenos Aires (Reuters) - Señor Juan Sourrouille, Argentina's new Economy Minister has announced a strict austerity programme to rescue the country from an economic emergency marked by 776 per cent inflation.

In his first speech since taking office last week Señor Sourrouille said he would use a stable monetary policy, wage-price controls and public spending limits to defeat inflation, while encouraging exports to restore Argentina's growth capacity after a long period of stagnation.

"Inflation is the main problem which is capable of putting an end to our hopes, because it causes us to confront each other and break the cohesion so needed to face the emergency," he said.

He said the sacrifices entailed in the austerity programme were likely to lead to tension, but added that the strength of democracy was its ability to administer conflicts.

Señor Sourrouille replaced Señor Bernardo Grinspun as Economy Minister in the first important cabinet reshuffle since President Raúl Alfonsín took office in December, 1983.

A surge in inflation over the last two months, as well as problems in limiting the deficit, have threatened agreements with the International Monetary Fund and creditor banks on Argentina's \$48 billion (£45 billion) foreign debt.

## Marcos orders an end to feud by Muslim MPs

Manila (Reuters) - President Ferdinand Marcos stepped in yesterday to separate feuding Muslim factions that have come to blows in Parliament over who should be the new Deputy Speaker.

Mr Marcos ordered members of the ruling New Society Movement to reach agreement on a successor to Salipada Pendatun, who died last month after a car accident.

The dispute has led to violence on the floor of the Assembly. Mr Pendatun was a Muslim from southern Mindanao island, as are the two contenders, who are not only

members of powerful Muslim clans but also related by marriage.

Mr Marcos last week named Mr Macacuna Dimpaporo as the new deputy. But when the assembly met on Wednesday a rival contender, Mr Omar Dianalan, challenged the nomination.

● AQUINO CASE: General Fabian Ver won another round in the Benigno Aquino Murder case yesterday when he and his 25 co-accused were allowed to be absent from their trial, except when ordered to appear for identification by witnesses (AFP reports).

# It's spring time for Deposit Bond investors.

## 12%

**DESCRIPTION**  
1. National Savings Deposit Bonds (bonds) are Government securities issued by the Treasury under the National Loans Act 1968. They are registered on the National Savings Stock Register and are subject to the statutory Regulations relating to the National Savings Stock Register for the time being in force, so far as these are applicable. The principal and interest on bonds are a charge on the National Loans Fund.

**PURCHASE**  
2.1 Subject to a minimum purchase of £250 (see paragraph 4) a purchase may be made in multiples of £50. The date of purchase will for all purposes be the date payment is received with a completed application form at the National Savings Deposit Bond Office, a Post Office transmitting National Savings Bank business or such other place as the Director of Savings may specify.

2.2 A certificate will be issued in respect of each purchase. This certificate will show the value of the bond and its date of purchase. This certificate will be replaced on each anniversary of the date of purchase, and on part repayment in accordance with paragraph 5.2, by a new certificate showing the updated value of the bond, including capitalised interest.

**MAXIMUM AND MINIMUM HOLDING LIMITS**  
3.1 No person may hold, either solely or jointly with any other person, less than £250 in any one bond or more than £50,000 in one or more bonds. The maximum holding limit will not prevent the capitalisation of interest under paragraph 4.3 but capitalised interest will count towards this limit if the holder wishes to purchase another bond. Bonds inherited from a deceased holder and interest on such bonds will not count towards the maximum limit. Bonds held by a person as trustee will not count towards the maximum which he may hold as trustee of a separate fund or which he or the beneficiary may hold in a personal capacity.

3.2 The Treasury may vary the maximum and minimum holding limits and the minimum initial purchase from time to time, upon giving notice, but such a variation will not prejudice any rights enjoyed by a bondholder immediately before the variation in respect of a bond then held by him.

**INTEREST**  
4.1 Interest will be calculated on a day to day basis from the date of purchase up to the date of redemption. Subject to paragraph 4.2 interest on a bond will be payable at a rate determined by the Treasury, which may be varied upon giving six weeks notice.

4.2 The rate of interest on a bond or part of a bond repaid before the first anniversary of the date of purchase will be half the rate determined by the Treasury in accordance with paragraph 4.1, unless repayment is made on the death of the sole bondholder.

4.3 Interest on a bond will be capitalised on each anniversary of the date of purchase without deduction of income tax, but interest is subject to income

tax and must be included in any return of income made to the Inland Revenue in respect of the year in which it is capitalised.

**REPAYMENT**  
5.1 A holder must give three calendar months' notice of any application for repayment before redemption but no prior notice is required if application is made on the death of the sole bondholder. Any application for repayment of a bond must be made in writing to the National Savings Deposit Bond Office and be accompanied by the current investment certificate. The period of notice will be calculated from the date on which the application is received in the National Savings Deposit Bond Office.

5.2 Application may be made in accordance with paragraph 5.1 for repayment of part of a bond, including capitalised interest, but the amount to be repaid must not be less than £50 or such other figure as the Treasury may determine from time to time upon giving notice. The balance of the bond remaining after repayment, excluding interest which has not been capitalised, must be at least the minimum holding limit which was in force at the date of application. Where part of a bond has been repaid a new certificate will be issued and the remaining balance will be treated as having the same date of purchase as the original bond.

5.3 Payments will be made by crossed warrant sent by post. For the purpose of determining the amount payable in respect of a bond the date of repayment will be treated as the date on the warrant.

5.4 No payment will be made in respect of a bond held by a minor under the age of seven years, either solely or jointly with any other person, except with the consent of the Director of Savings.

**TRANSFERS**  
6. Bonds will not be transferable except with the consent of the Director of Savings. The Director of Savings will, for example, normally give consent in the case of devolution of bonds on the death of a holder but not to any proposed transfer which is by way of sale or for any consideration.

**NOTICE**  
7. The Treasury will give any notice required under paragraph 3.2, 4.1, 5.2 and 8 in the London, Edinburgh and Belfast Gazettes or in any manner which they think fit. If notice is given otherwise than in the Gazettes, it will as soon as reasonable, possible thereafter be recorded in them.

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Note: If the bond is to be held jointly the names and addresses of all holders should be entered. The Investment Certificate and all correspondence will normally be sent to the first named holder, under 7-year old.

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Name

Address

Postcode

Do you already have a National Savings Deposit Bond? YES ☐ NO ☐ (Please tick as appropriate)

If YES please enter the Deposit Bond number shown on any of your Investment Certificates.

Signature(s)

Date

Note: If the bond is to be held jointly all the parties must sign above. Persons signing for children under 7 should also state relationship here.



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## THE ARTS

Television  
L'spells danger

The horrors of driving are well known to those who do not possess cars but those who have most to fear are apparently the driving instructors, a race of heroes where the operative word is definitely race. Just Another Day (BBC 2) entered the maelstrom of the British School of Motoring, a touring theatre which, fortunately, specializes in farce rather than in tragedy. There is a certain amount of sensationalism as well and, as one instructor put it, "If they are going to have an accident, they will not give you any warning." As a result, the "L" sign spells danger, as little screams and yelps can be heard coming from the interiors of rapidly accelerating vehicles.

Many of the pupils in last night's documentary in fact drove their cars as if they were tanks during the worst days of the Second World War: one pupil had enrolled "in order to overcome her fear of cars", which is rather like a victim of agoraphobia deciding to march into the Kalahari Desert. There were some learner drivers, however, who treated the

matter as a great joke and collapsed in giggles every time they searched desperately for the clutch. Others were more prone to panic, and one woman's eyes rolled back beyond the point of no return when, for the first time, she saw cars coming from the opposite direction.

The presenter, John Pitsman, was apparently sitting at the back of each car, instead of the ubiquitous toy on a piece of elastic, but it was difficult to know where the camera had been placed - these cramped conditions may have accounted for the fact that some "learners" seemed to be crouched over the steering wheel in a frighteningly cat-like position. Mr Pitsman remained perfectly calm throughout (that, after all, is his trademark) but it became clear in the course of the programme that Britain's roads are about as safe as a rifle range during target practice. Just Another Day offered another "slice of life", albeit a thin one, but those of a sensitive disposition may have found it all rather horrifying.

Peter Ackroyd

Theatre  
Decline and fallThe Caine Mutiny  
Court-Martial  
Queen's

Herman Wouk's famous old piece is well chosen to launch a movement towards the free exchange of American and British actors. Not only does it look back to the last war, when we did indeed enjoy a special relationship, it also reflects beyond its immediate wartime subject and makes a lasting statement about a kind of artistic betrayal that was and remains prevalent on both sides of the Atlantic.

Obviously a court-room thriller, starring a wily defence counsel who succeeds in twisting the proceedings against the chief witness, the play finally lets them both off the hook and indicts a minor character - a junior officer of literary bent - as the real villain. Keefe, the writer, instigates the anxiety against the paranoid Captain Queeg, while preparing to put the boot into the US Navy in a bookbusting novel. In doing so, he joins hands, with all the writers whose dust covers proudly announce their penitential years as lumberjacks or short-order cooks, before they made their breakthrough in books, putting the knife into their old working companions. Wouk is that rarity: a writer who respects other activities more than writing, and lined up with his spokesman, defence counsel Greenwald, he comes across as a Jewish Kipling.

The ingenuity of the piece is that Wouk manages to play it both ways. For anyone with a grudge against authority, there is the pleasure of seeing the ramrod captain placed on the stand, radiating all the security of rank, and then progressively reduced to a demoralized wreck. The navel and legal detail sounds impeccable, and Wouk has all the skills needed to vary it to reveal character through interrogation, and to spring surprises. The double game even extends to Keefe's novel. Greenwald expresses the bitter hope that it wins the

Pulitzer Prize, and it makes you uneasy to recall that Wouk's own novel did in fact carry off that award.

The play is no great test for a director and Charlton Heston's production simply gets witnesses on and off Saul Rado's mosky's severe spick-and-span set (I could have done without the call of seagulls, which suggest that the hearing takes place at sea), and preserves a good balance between naval and legal etiquette. The final party scene is a mess, but Heston has been obliged to cram it on to a shallow dowstage shelf.

His Queeg is another matter. Some might describe it as a director's performance, as it is remarkably undetailed, relaxed, and indicates the contours of the character without pushing them to the limit. The big thing in its favour is that it shows Queeg from Wouk's viewpoint, as a man worth pity and respect, rather than Keefe's, as a maniac bully getting his just reward. Heston certainly crumbles.

You see his eyes glaze over at his first mistake. You hear the echoes of panic in the still-plausible voice. And you see him forget the court-room as he embarks on the manic rhapsody of petty grievances and reprisals with which he finally gives himself away. To see Heston, that pillar of indestructible American manhood, thus falling to dust before your eyes is an awesome sight; but it is done without the smallest sadism, and no more than the occasional click of those famous ball-bearings.

Ben Cross, as Greenwald, makes up in full for the lack of sadism. The part is taxing in that it simultaneously requires anger and tactiturnity, and Cross, whether on the sidelines or in full spate of cross-examination, projects a powerful untwisted of unspoken reluctance and contradictory aggressions that he only has the chance to articulate at the end. Among the large supporting cast, I for one was unable to sort out the English from the Americans.

Irving Wardle



Trevor Nunn: 'I've fought back a bit on its behalf'

The saddest moment for Henry Wrong, administrator of the Barbican Arts Centre, came on the opening night. Stretched before him was an endless line of elegantly clad ladies trying to get into the loo. Among them was his great aunt. "She attacked me", he recalls with a Charlie Chester grin. Last Christmas he experienced a better moment. Strolling through what he affectionately calls "this great, monstrous thing" he found queues everywhere. The concert had sold out, the cinema was full, the theatre - matinee and evening - had sold out, and there was an hour-long wait for the Tisot exhibition.

"The City gave this building to the nation", Wrong says affably, smoothing a double-breasted jacket perhaps one size too big for him. "It's never going to make a profit and they've been exceedingly generous in saying 'fine'." Having looked their gift in the mouth - to begin with rather churlishly - a part of the nation seems to be saying the same thing. Three years on, some 5.5 million - "immeasurably more than expected", according to Wrong - have found their way to the centre. The small matter of financial viability apart, Wrong is confident the teething troubles are over. After a messy start, the caterers are serving food that is edible, the car parks are now open - and 12 more ladies' loos installed. "But if I were to do it again, I'd shoot all architects. They'd built a building that wasn't workable. It appeared to me they didn't realize people would actually use it."

And the building is being used - albeit in different ways than were planned. While for the residents it has become a short cut to Safeways, for City workers and suburban house-

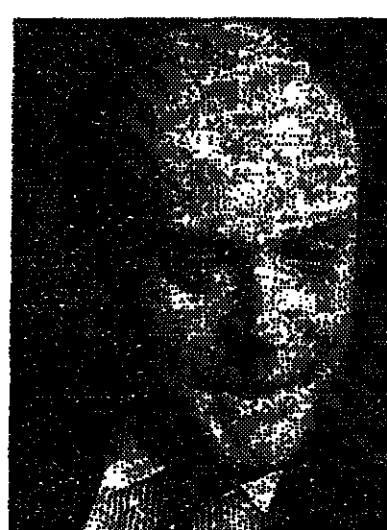
The Barbican Centre, home of aspiration and controversy, is three years old this weekend. Nicholas Shakespeare investigates

## The maze ends at the box office

wives it has developed into a venue for undemanding lunchtime concerts. The Barbican is popular, but it does in some ways reflect the Government's bullying belief that there must be a market factor to all artistic expression. The Government's attitude to the arts may best be summarized by Mrs Thatcher's visit recently to a performance in the Barbican Hall. In the interval, which took place in the concourse, she was given a catalogue for the Printmakers' Exhibition on display there. Without looking, she opened it, signed it and returned it.

Henry Wrong puts his head in his hands and laments he was ever so pompous as to call his charge "a centre of excellence". Pomposity apart, he has a point. To develop a new audience - one that is still not yet swarming from the immediate neighbourhood - the Barbican's emphasis has been on attracting people first and educating them later. With recent Arts Council cuts and the need to stabilize the City's subsidy of £4.3m, there is a danger the Attraction Factor will prevail, and the Barbican will become a twentieth-century music hall where people flock to enjoy popular, colour-supplement performances. "We have to be aware of the box-office", argues John Hoole glumly. He is the man responsible for the Tisot exhibition (which had features in two colour supplements). "And the box-office does not exist for contemporary art."

With the Royal Shakespeare Company playing to near-capacity houses and with the London Symphony Orchestra looking much healthier under its new management, the Barbican is at last enjoying some box-office success. March sees the expiration of the initial three-year



Henry Wrong: 'If I were to do it again I'd shoot all the architects'

agreement between the centre and these two major tenants. For all the queues, how content are the RSC and the LSO with their new home?

"We're in much better shape after three years than we were after three months", says Trevor Nunn, while admitting there is still a large body of the RSC which would like to return to its old home, the Aldwych. In its new premises the RSC feels uncomfortably like a new company. While the privations at the Aldwych inspired them, the Barbican's difficulties did depress them. "Everyone realized it would take many years before the shine was knocked off this massive establishment monument and before we conquer it. To begin with the building was in command of us."

It was quickly discovered the Barbican's large theatre was two types

of building: one that felt intimate but in fact was not. On stage it seemed all an actor had to do was whisper. For the audience it was different. The sound got lost up the double-height fly-tower. It was also hard to adjust to working many fathoms below ground level for up to ten hours a day. Nunn concedes these are problems which people have to go through in every building of this kind. "I've fought back a bit on its behalf", he smiles. For a start the company is living together in a single unit, and there is a proper standard of living. The biggest relief though is the box-office. "Doubting Thomases said no one would follow us, no one would go here at night. It's the reverse. We've had consistently higher audiences than we ever had at the Aldwych - around 80 to 85 per cent - which no other London theatre can boast."

Swamped by the building, it has been hard for the RSC to create an identity. More adventurous productions are consigned below stairs to The Pit, leaving the main theatre to play safe. The RSC's last three years at the Aldwych saw premieres like *The Greeks* and *Nicholas Nickleby*. After three years, despite new plays by David Edgar and Peter Nichols, the inconvertible triumph at the Barbican remains *Peter Pan*.

One of the RSC's dreams that has not come true is a close working relationship with the LSO, who because they are only in residence a third of the year are still thought of as visitors. The problems of the LSO - which Wrong describes uncomfortably as the most interesting he has ever tackled - stem less from architecture than planning. The three one-month bursts of intensive concert-making with long gaps between proved a serious mistake. Certain



Clive Gillinson: 'It all comes down to money in the end'

ambitious projects left the Concert Hall on average only just over half full. "They had one disaster after another. They did not have enough big names." Things are now looking up with average figures of 80 per cent, though experimental projects have been reduced. So too have grants from the Arts Council and the City.

"It all comes down to money in the end", explains Clive Gillinson, a former cellist with the orchestra recently appointed its managing director. The LSO are now planning to reduce their annual number of Barbican concerts from 100 to 75. It will, he argues energetically, preserve the quality of their programmes. It will also allow more time for commercial work such as film scores. Gillinson is keen to make the orchestra a much more businesslike organization; to do things that are adventurous, "but do them alongside things that are incredibly saleable." He cites the Mahler festival this March which will combine song cycles with Jesse Norman and pieces that are rarely played in London. "There's no problem about surviving. The problem is doing the things that matter - and surviving."

"We haven't taken many risks", agrees Trevor Nunn, "but it's very important to establish ourselves here and have an identity that's mainly Shakespeare." Gillinson too admits the LSO are having to do more of the things that fill the Hall. What fills the Hall in the LSO's absence are commercial performances likened in some quarters to musical trape. "Do you want to serve 'tripe' and have everybody here?" Henry Wrong comes back, "or something so esoteric no one turns up?" He gives a friendly scowl. "The architects were esoteric when they designed the building."

Radio  
Sounds funny

There was a grumpy letter in the *Radio Times* the other week, complaining about Radio 4's recent revival of *Educating Archie* and asking how such an unfunny comedy show could have been "Smash of the Day". I must say, it set me thinking. Particularly since I had always been a fan of Master Andrews and had actually enjoyed hearing some of his exploits again.

Maybe my enjoyment stemmed not so much from any quality of the shows themselves, as from the fact that they brought back such vivid memories of my childhood when Sunday lunch was always accompanied if not by *Educating Archie* then by *Life with the Lyons*, *Meet the Huggets* or *Ray's a Laugh*. Certainly I seem to remember thinking these shows very amusing at the time, and there is no doubt whatever that they were incredibly popular.

So why are some people less than enchanted by them now? Perhaps the British public, as Tommy Hickey once complained, are just terribly fickle. Or, perhaps, jokes don't weather the passage of time very well.

Sampling some of today's radio comedy, I found - rather surprisingly - that the style didn't seem to have changed very much. Of course, the

pace is slicker (or, at any rate, faster), but the format used by those horribly endearing young anarchists Steve, Helen, Clive and Nick of *In One Ear* (Saturdays, repeated Fridays, Radio 4, produced by Jamie Rix) is basically the same sketch and song sandwich that was being used 30 years ago.

And the subject matter of comedy hasn't changed much either. Tuning in to the current series of "Smash of the Day", Peter Ustinov and Peter Jones' witty two-handed revue *In All Directions* (Sundays, Radio 4, produced by Pat Dixon), I discovered that much of their material consisted of topical parody. There were sketches taking the rise out of other radio shows like *Critics' Forum* and *Animal, Vegetable and Mineral*.

Contemporary radio comedy writing still leans heavily on parody: *Week Ending* (Fridays, Radio 4, produced by Jennie Campbell) this week featured a parliamentary pastiche of a new TV soap-opera, "Westenders", and *In One Ear* lampooned the movie *Amadeus*, with Mozart beating Salieri at Trivial Pursuit.

suits. They amused me at the time but I wouldn't like to stake too much on how funny they will sound in the year 2015 - and why should they?

I also have doubts as to whether Sue Limb's four-part comedy series *The Wordsmiths* of *Gorsemere* (Mondays, repeated Tuesdays, Radio 4, produced by Jonathan James-Moore) will ever become the *Smash of its Day*. This "everyday story of towering genius" is a rather undergracious pastiche on the life and work of the Lakeland poets here represented as William and Dorothy Wordsworth and their strange acquaintance Samuel Taylor Coleridge ("Don't look now, dear friends, but there's an albatross coming out of the wall!").

Unfortunately, you will need at least an English A-level to find the thing comprehensible, let alone funny. And even if you get the joke about Vole Cottage being surrounded by "a cloud of fleabane", you could be forgiven for missing the point of Coleridge's suggestion that William should call his new book of verse "Literal Ballads".

The humour chiefly derives from the permanently inclement weather and Dorothy's ceaseless industry ("I'll just go out and scrub a few boulders"). The most interesting characters at present are the loathsome Leech-peddler and the wild peasant-girl, *Sinking Iris* (surely a former employee of Cold Comfort Farm), with her grose-fritters and infusions of rapture-wort. However, things may well take a turn for the better with the promised arrival, next week, of someone called Lord Biro. Time will tell.

Finally, there were not exactly laughs, but at least several wry smiles in *Curates and Conquests* (Saturday, Radio 3, produced by James Runcie) which presented a cloister of literary clerics from the works of, among others, Thomas Hardy, Laurence Sterne and Anne Brontë.

"There is", Sydney Smith once remarked, "something which excites compassion in the very name of a Curate!" And these gentlemen of the cloth - youthful, pious, amorous, sometimes consumptive, all appeared to have unquestioned power over members of the fair sex. As a mere male, however, I found them a somewhat sinister bunch - with or without consumption.

Brian Sibley

Concert  
Helter-skelterLSO/Tate  
Barbican

Here was an evening which, to use a euphemism, belonged to a more leisurely age. Preceding those two fulsome epics, Brahms's Second Piano Concerto and Schubert's Symphony No 9, with the *Magic Flute* overture, did seem a trifle unnecessary, but at least Jeffrey Tate's interpretation - richly chordeed but with all the music's springiness subdued beneath washes of swollen dynamics - prepared us for the grand Romantic gestures to come.

Jorge Bolet's reading of the Brahms was powerful, chiselled with gritty determination rather than elegance, and most effective where the music itself passed through brooding moods. The second movement worked well, with the stubborn textures darkly-hued and the largamente "chorale" ringing out a brutal sort of exultation.

But the leaden pacing of the Andante, though it gave Bolet time to emphasize unexpected twists in tonality with some finely calculated expressive nuances, not only caused the

overall shape to be obscured but, more immediately, seemed to affect the woodwind tuning. In the outer movements, too, one felt that Bolet's big-boned pianism could have relaxed into more genial lyricism a little more often. The last movement's second subject, for instance, had its gypsy gallop exaggerated into a slightly sinister lurch.

With Bolet's interpretations, though, one does respect the thought processes even while disliking the aesthetic priorities. Too much of Tate's direction of the Great C major seemed simply unthoughtful, for all its gaudy aggression. The most noticeable unsolved problem was the familiar one of adjusting Schubert's speculative dynamics so that the right instruments come out on top. Frequently the brass submerged all under a welter of inconsequential detail, and after the second movement's great climax the oboe was all but lost in its poignant conversation with the cellos. The helter-skelter last movement probably sent the audience home happy, though.

Richard Morrison

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## SPORTING DIARY

Simon Barnes

### Bowled under

The Australians are introducing yet another bastardization of cricket to Englishmen. This one, called Cannon Ball Cricket, is played indoors. With a yellow ball. In track suits. It seems that God's Own Country is not content with turning the world's finest cricketers into pyjama-clad ninjas who wear mascara. (Cricketers daub black stripes beneath their eyes these days because of the theory that light from floodlights in Australia's current world championships bounces upward from a white cheek-bone and dazzles them. Personally, I think players adopt the mascara look because they want to look cool.)

The sport has emerged in England at a newly opened centre in Hounslow, Middlesex, run by an Australian called Colin Lumley — who is, strangely, the world's sixth-ranked tennis player. The game is played by teams of eight, with bonus runs for hitting various bits of netting. "There are 250,000 Australians who play the game every week", Lumley said. "I think it will soon be as big here." I don't wish to sound blasphemous, but I think it sounds fun. So long as we don't make the mistake of the Australians and confuse it with cricket.

### Not so lax

The Indian magic man and leg-spinner Laxman Sivaramakrishnan, man of the recent India-England Test series, will be playing in England this summer in the Thwaites Ribblesdale League. He has been signed up by the Lancashire club Whalley, and should be playing shivering friendlies here in April.

Beat this for a sponsorship deal: Daisy Hill, of the North West Counties League, are installing new seats in their stand. Companies can have their names engraved on the back of a seat for a mere £2.50.

### Fruitful

Fulham's youth officer, Del Quigley, amazed at a boy's ball skills, asked how they had been acquired. He was told: "Never had a ball. Oranges. All the time, oranges." The player is Kenneth Achampong, born in Kibiri of Ghanaian parents and brought up in Ghana. He made his first appearance for Fulham last week, aged 18, against Oxford United — and scored the winning goal.

### Stopping pistol

The National Horse Racing Museum, reopening next week, has a new and grim exhibit: a mug commemorating the day that Gordon Richards beat Fred Archer's record for the number of winners in a season. The date commemorated is November 8, 1933, when Richards rode a nag called Golden King for his 347th winner of the season. It happens that November 8 is the anniversary of the day in which Archer, a brilliant and tormented sportsman, shot himself. The pistol with which he did so is also on display at the museum in Newmarket.

### Grooming

The Amb Horse Society racing calendar for the forthcoming season is taking a strong line on the dress of horse handlers. No shorts, they say, or skirts, or low-cut blouses. In fact, they add, handlers' appearance will be considered in the judging for the best turned-out horse awards.

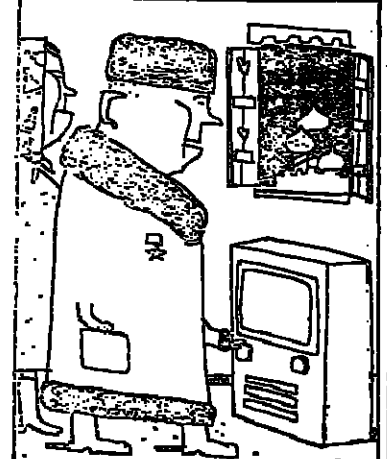
### Net weight

The most irritating thing about playing tennis is that one keeps missing the ball. However, American technology has managed to overcome this fundamental drawback by producing a new kind of ball. The ball is seven per cent larger than a proper tennis ball, slower because of its greater wind resistance, and of course it is also an easier target to hit. This makes rallies significantly longer, claim the manufacturers, Wilson Sporting Goods. Oh, the "Rally" ball is not sanctioned by tennis authorities.

### In the slips

Radio Times, sensitive to my plea for cricketers' misprints, obliged in last week's edition with "The World Championship of Cricket: England v Wales". My money would have been on Wales. On a more venerable note, I am offered the following example from *The Daily Telegraph* of 1948: "Compton repeatedly strode down the pitch and reached out for Stollmeyer's googlies." A fiver to each contributor, more fivers for more examples.

BARRY FANTONI



"He must be bad: that's the second time we've seen Chernenko this week"

# Why we say no to nuclear arms

by David Lange

Europe and the United States are riven with nuclear weapons, and their people have never been more at risk. There is only one thing as terrifying as the nuclear weapon pointed in your direction and that is the nuclear weapon pointed in your enemy's direction: the outcome of their use would be the same in either case: the annihilation of you and all of us.

That is a defence which is no defence. The intention of those who for honourable motives use nuclear weapons to deter is to enhance security, to succeed only in enhancing insecurity. The machine has perverted the motive.

The weapon has its own relentless logic, the logic of the arms race. Nuclear weapons make us insecure, and to compensate for our insecurity we build and deploy more nuclear weapons... We know that we are seized by irrationality, and yet we persist. We all know that it is wholly without logic or reason to possess the power to destroy ourselves many times over; and yet the nuclear powers continue to refine their capacity to inflict destruction on each other and all the rest of us.

We in New Zealand used to be able to think that we could sit comfortably with the rest of the world, destroyed itself, now we know that if the nuclear winter comes we shall join all the rest of you. It is a strange and dubious moral purpose which holds the whole world to ransom. Every new development, whatever its strategic or tactical significance, has only one result and that is to add to an arsenal already beyond reason. There is an argument in defence of the possession of nuclear weapons which holds that the terror created

by their existence is in itself the fulfilment of a peaceful purpose: that the fear they inspire will prevent their use. I pass over here the preparations which are constantly being made for the winnable or even survivable nuclear war; I would ignore those and wholeheartedly embrace the logic of the unthinkable war if it could be established that the damage which would result from the collapse of that logic would be confined to the nuclear weapon states.

It makes no sense for a country that faces no threat to seek to surround itself with nuclear weapons. It makes no sense for a region which is the most stable in the world to allow itself to become a strategic arena considered all this, the people of New Zealand reached a straightforward conclusion: the nuclear weapons which defended them caused them more alarm than any which threatened them, and it was accordingly pointless to be defended by them.

In the South Pacific it is not difficult to achieve the balance of force which allows you cheerfully to dispense with nuclear weapons. If you remove the nuclear weapons of your friends and allies you put all the nuclear powers on the same footing. In the South Pacific there is at this moment the chance to turn away from the inhuman logic of nuclear weapons.

The government of New Zealand has excluded nuclear weapons from New Zealand, more than that, I hope that it and other governments in the South Pacific will shortly ask all the nuclear powers to honour a South Pacific Nuclear-free Zone. New Zealand has done that while

honouring its longstanding commitments to the conventional defence and to the economic and social development of the South Pacific and to the security of South-East Asia.

What has happened to New Zealand since the Labour government was elected last year and began to implement its long-established policy is itself a commentary on the way nuclear weapons have assumed a moral life of their own.

New Zealand is not and has never been part of the strategic defences of the West. The nuclear weapons which our allies have in the past brought to New Zealand are tactical weapons. It is our view in New Zealand that being part of somebody else's tactical nuclear battle is as undesirable as being part of somebody else's strategic nuclear battle.

The decision of the New Zealand government in no way weakened the deterrent power of the Western alliance. Yet we have been accused of undermining the West and giving comfort to the Soviet bloc. We have been told by officials in the United States administration that our decision is not, as they put it, to be cost-free; that in fact we are to be made to pay for our action. Not by our enemies, but by our friends. We are to be made an example of; we are to be ostracised and anathematised until we are compelled to resume our seat in the dress circle of the nuclear theatre.

We have been told that because others in the West carry the fearful burden of a defence which terrifies as much as the threat, we too must carry that burden. We are actually told that New Zealanders cannot decide for themselves how to defend New Zealand.

There is no humanity in the logic which holds that my country must be obliged to play host to nuclear weapons because others in the West are playing host to nuclear weapons. That is the logic which refuses to admit that there is any alternative to nuclear weapons, when plainly there is.

It is self-defeating logic, just as the weapons themselves are self-defeating: to compel an ally to accept nuclear weapons against the wishes of that ally is to take the moral position of totalitarianism.

The great strength of the West lies not in force of arms but in its free and democratic systems of government. That is why, in spite of all the difficulties New Zealand has got into with our friends and allies, I am not disheartened.

I came to Britain by way of the United States, where I put my case to the American people through the news media without any kind of hindrance from the administration. Members of Her Majesty's Government have made it plain to me that they do not hold the views I hold, but none the less I am here and I can say freely whatever I please; just as any member of Her Majesty's Government would be welcome in New Zealand to expound any line of argument. That is the true strength of the West.

Rejecting nuclear weapons is to assert what is human over the evil nature of the weapon; it is to restore to humanity the power of decision; it is to allow true moral force to reign supreme.

The author is Prime Minister of New Zealand. This is a shortened version of a speech to the Oxford Union last night.

## Bernard Levin: the way we live now

# Obsessions that smack of dictatorship



Philip Youmans

civility, reason, an open mind — nothing. Mr Scott has not resorted to violence (though it may not be long before some of his even more enthusiastic colleagues start throwing bricks through the windows of those who disagree with them), but just look at what he is capable of without so much as swatting a fly. He published a statement to the effect that the headmistress of an infants' school in Clacton was in the habit of caning children ranging from four-year-olds to seven-year-olds. More: he said that in the 1979-80 school year, no fewer than 20 such canings had been administered.

The evidence showed that his entire story was untrue (the mark of the SIF). No canings had taken place at the school, which did not even possess a cane; the accused teacher had sometimes slapped a child on the back of the legs, and from that action Mr Scott's heated, fanatical and inventive mind had compiled a list of 20 non-existent canings.

It transpired in the course of the proceedings that the allegations, and the long-drawn preparations for the case, had led to a nervous breakdown for the teacher, compelling her to retire at the age of 55. It is worth noting that in his reported

comments after the case, Mr Scott had not a word of regret for his victim. He had, however, plenty of words of self-pity and self-righteousness for himself. "I do not know how I will pay", he said; "I haven't got the money." Then: "Naturally I am bitterly disappointed at the outcome, but hardly surprised in view of a summing-up which indirectly suggested that it was an abuse of language to describe the smacking of children as corporal punishment."

Some — I am one of them — would suggest, and directly rather than indirectly, that it is an abuse of more than language to describe the caning of children in a school where no child was caned. Moreover: "I dare say, when the SIF is brought face with the consequences of his fanaticism, the effort required to shut and lock his mind against those consequences must be exhausting, and a gruelling ordeal" is by no means an exaggerated way of describing it, though some (again I am among their number) would say that being falsely accused and driven to a nervous breakdown and premature retirement was a much more gruelling ordeal altogether.

One of the problems posed, for a

society like ours, by the existence of the SIF is the difficulty we have in identifying with him far enough to see what drives him, though such momentary identification is necessary if we are ever to devise measures of rendering him harmless. It is not easy for most of us to think of circumstances, however strange, in which we would falsely accuse a kind, respectable and motherly schoolteacher of beating infants with a cane she did not have, yet unless we can make such an imaginative leap we shall be reduced to writing off the SIF as a freak whose actions, being irrational, cannot be understood by reasonable people, who may therefore ignore him entirely until he announces that he is Julius Caesar, when they can look him up.

But that will not help except in cases such as that of Mr Tam Dalyell, who is harmless. When Single Issue Fanaticism runs a pressure group (frequently on public money, like ASH), or seriously infects a political party (like the Militant Tendency and Labour), or indulges in planned and dangerous criminal violence (as have some of the more extreme animal campaigners), it damages society in two ways, both serious.

First, it begins to restrict those on whom it wages war so that, say, the citizen who smokes gives it up not because he has finally been persuaded by the medical evidence, but because he can no longer bear the constant abuse coming from the SIFs of the anti-smoking industry, and the miner who wants to work stays at home because he is afraid to face the missiles of the SIFs on the picket lines. If this happens often enough the SIF becomes a dictator with the power to stop others from going about their lawful business, an achievement which, when seen to be successful, encourages other SIFs to emulate such behaviour, thus further restricting freedom.

The other harmful quality of the SIF is his enmity to reason and tolerance, which is harmful because either of those, let alone both, would show him that it is not just expensive but wrong to make false accusations of brutal behaviour and, when brought to book in a court of law, to win that he can't pay and that the judge was so wise as to be distinguished between a caning and a slap on a leg.

We have to face the fact — I wish we didn't — that unreason and intolerance are virulently infectious diseases, and that those who come down with an attack of them can rarely get the poison out of their blood, but on the contrary pass on the virus to others. The SIF is among the most dangerous carriers of the virus, and so far from submitting to quarantine, he glories in going about giving his sickness to all but the most robust. I hope that Britain soon gives up corporal punishment in schools. But if Mr Tom Scott's methods of stopping it should bring it to an end, its abolition will have done far more harm than all the canes that were ever brandished.

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## Now the rifts appear in the Tory ranks

When Mrs Thatcher was asked in Washington last week whether she had divided her cabinet, she replied: "Absolute nonsense." She also said she took no notice of opinion polls. "There's only one poll I'm interested in, and that's the one on election day."

Nevertheless, the results of a survey conducted by Market & Opinion Research International (MORI) for last night's independent television analysis of *The Strike and the Nation* not only show a strong public perception of social division, accompanied by a fear of riots and civil disturbances if Mrs Thatcher continues with present policies, but also a real rift within Conservative ranks.

Behind the bald figures of voting intention, which gave the first Labour lead since last July and a fall of 6 per cent in Tory support since the 1983 election, the MORI pollsters have teased the underlying loyalty of the Tory faithful, particularly on economic issues.

Here, the sharpest response came in answer to the question: "How strongly do you agree or disagree with the statement — 'The Government should do more for communi-

ties and individuals affected by unemployment, even if this means changing economic policies?' Of those questioned, 71 per cent agreed — 43 per cent strongly agreeing — while only 14 per cent disagreed. Agreement was strongest among voters aged between 18 and 24 (81 per cent) and in the North and Scotland (85 per cent). But there was a 72 per cent agreement among middle-class voters and 56 per cent among Conservative supporters.

The statement "The Government should pursue its economic policies more vigorously even if this involves higher unemployment in the short term" attracted only 29 per cent agreement overall. Of the Conservatives polled, 54 per cent agreed and 29 per cent disagreed.

On the statement "The Government should alter its course on economic policy and adopt measures directly to create jobs, even at the risk of higher inflation" one third of Conservatives agreed, while 53 per cent disagreed. The overall response was 59 per cent agreement, 27 per cent disagreement.

Even bigger majorities emerged on questions about social divisions.

Overall 78 per cent agreed that the gap between rich and poor had widened in the past few years — agreement being strongest in the North and among Labour and working-class respondents. Among Conservatives, 55 per cent agreed and 31 per cent disagreed.

There is widespread concern among Conservative supporters about the social consequences of Government policies: unless they were changed, 45 per cent thought that riots and civil disturbances in the cities would be very or fairly likely to become common; 52 per cent felt that they would be not very or not at all likely.

The very-fairly likely figure overall was 65 per cent, significant increase on the response to the same question 18 months ago.

Overall majorities were also recorded for the questions "If present policies continue unchanged, do you think young people will become more attracted or less attracted to revolutionary violence?" (62 per cent "more") and "Do you think acts of political terrorism in Britain will be more or less common?" (52 per cent "more").

One of the most notable results among young voters was in reply to the question: "How concerned are you personally about the circumstances of the striking miners and their families?" The young were the only age group in which a majority (54 per cent) said they were not very or not at all concerned. The poll also showed that 71 per cent of Conservative and 22 per cent of Labour voters were not very or not at all concerned; 36 per cent of trade unionists held the same view. As for the strike itself, 52 per cent of those questioned did not want the Government to win a total victory over the NUM, compared with a third who did.

Mrs Thatcher should make an exception. Because of its underlying political significance, she should take note of this particular poll.

The survey was conducted by MORI exclusively for ITV's *The Strike and the Nation* among a representative quota sample of 1,096 respondents aged 18 and over in a continuing survey across Great Britain from February 16-18.

Anthony Bevins

© MORI/London Weekend Television

John O'Sullivan

# Do bleeding hearts help the blacks?

Washington

The anti-apartheid demonstration outside the South African embassy in Washington is a distinctly social protest. Everybody who is anybody — senators, congressmen, Nobel laureates, younger members of the Kennedy family — turns up eventually to be politely arrested by prior appointment.

Arrest, however, entails no drastic consequences. Unlike two conservative students who unknowingly broke the law against embassy demonstrations by holding a protest over Afghanistan outside the Soviet embassy in 1983 and were sentenced to five days in jail for their pains, the anti-apartheid protesters endure a brief custody in the confident knowledge that the law officers, if not the law itself, are on their side.

The District of Columbia corporation counsel, Inez Smith Reid, announcing that charges would be dropped against the first five people arrested, proclaimed: "It would be unseemly to prosecute these five individuals who demonstrated peacefully to call attention to the gross injustices which result from the South African policy of apartheid."

The defendants refused to surrender the aura of martyrdom quite so easily, however, and closed the proceedings by singing "We shall overcome". But it is difficult to regard the demonstrators as an example of civil disobedience. If anything, they come under the heading of civil obedience — a ritual submission to the principal civic beliefs of American society, beliefs which apparently transcend the law itself.

To be sure, cynical political calculations are not entirely absent. For liberals, South Africa is an excellent fund-raising issue. It unites the old civil-rights coalition and it revives the moral fervour of the Democratic left, still shell-shocked by last November's election. Conservative Republicans, though shrinking from even symbolic arrest, have also been "speaking out" over South Africa. They feel deeply that someone has got to make sacrifices for the black American voter and it might as well be President Botha.

But the springs of the South Africa protest are much more profound. Foreign-policy questions in American politics can be divided into "peace" issues and "justice" issues. Afghanistan, for instance, is a peace issue. No sooner have the Soviet Union invaded and occupied the country than leader writers and liberal politicians were explaining that, although this was doubtless deplorable, it should not be allowed to interfere with "peace".

But South Africa is a justice issue or, to be still more precise, an American civil-rights issue. South African racism is, in Anthony Lewis's phrase, "on the American conscience". So in their policy towards South Africa, Americans must show above all that they have clean hands — whatever the practical consequences for, among others, South African blacks.

The blacks must ultimately triumph, of course. And it is probably unavoidable that they should do so in a vast bloodbath. In

the meantime, however, their short-term interests in jobs, prosperity, the gradual undermining of apartheid at work and other benefits of US investment there may legitimately be disregarded. In short, South Africa in US politics is a matter of principle in the very worst sense.

This conviction imposes a limited vision on its adherents. It can never be admitted, for instance, that Botha's reforms are anything other than cosmetic. Indeed, or could lead further than he himself intends. It looks somewhat different in Pretoria. There the most prescient analyst has been the hardliner Dr Andries Treurnicht, who despairingly points out that Botha's constitutional reforms were not the final concession but led, as he predicted, to the further concessions of admitting the permanence of urban blacks in white South Africa and of suspending removals, and also to talk of representative black institutions. He says that still more concessions will shortly tumble down the slippery slope.

That does not make Botha a liberal reformer. He is attempting to shore up Afrikaner power by a calculated policy of conceding concessions to international opinion. But it makes him more of a politician than an outright demon, which is the vision cherished by the American protesters. There was something like relief, as well as genuine outrage, when the South African police recently killed 16 rioters at the Crossroads squatter camp. It confirmed the justice of the protesters' absolutist opposition.

Such passionate fervour naturally attributes virtue to Botha's extreme opponents rather than to more moderate figures. Chief Buthelezi was denounced as a puppet of Botha by spokesmen for TransAfrica, the protesters' main organization here, for criticizing their calls for US disinvestment as more damaging to South African blacks than to their oppressors.

The only opinion poll taken of black opinion in South Africa suggests that 75 per cent of black workers agree with Chief Buthelezi. But that is of no moment. It is TransAfrica which will decide who is a black leader in South Africa.

There is a similar tendency to blur the distinction between those Americans who doubt the value of economic sanctions and those few, if any, who actually support apartheid. The tactic of shouting "racist" at anyone who differs from the agenda of the civil-rights leadership has transferred to international politics about as much of little account. No Lincoln Brigade will set forth to fight alongside the African National Congress guerrillas.

US investment in South Africa is a very small percentage of total investment. Any enforced disinvestment by American companies would simply lead to South African businessmen acquiring them at knockdown prices, as happened in the panic after Sharpeville. The conviction that US policy can compel Botha to end apartheid in short order is a rare instance of the left clinging to what it usually calls the illusion of American omnipotence.

Philip Howard

# Scug-thuggery in low places

On Sunday March 10 the Queen Mother is dropping in at the Royal Family's local school to unveil some ancient mysteries. She will inspect a boy's room equipped with such traditional furniture as a tatty bureau-bookcase, an ottoman (cushioned box for storing muddy zephyrs in Field Game jerseys), and (to appeal American tourists) a model flag kneeling by the fire making toast for his flagmaster. Her Majesty is going to open the Museum of Eton Life, which claims with customary Etonian arrogance (oops, sorry, customary Etonian effortless superiority) to be the first public museum of a British school.

It is the most famous school in the world, the best, and because of proximity by nothing else the most favoured by royalty, though it is noticeable that they do not exactly queue up to send their own children there, more fools they. It is also noticeable that the two English monarchs who smiled most on Eton (Henry VI, the founder, and George III, whose birthday is commemorated on the Fourth of June, and in mourning for whom the boys still wear their ridiculous penguin suits of solemn black), are the two generally agreed to have been off their rockers.

The museum is in the Undercroft, the vaulted 1440s cellar under College Hall, redolent of five centuries of high thinking and bad cooking. It was used for the storage of Fellows' wine and King's Scholars' beer, and more recently for furniture: so it has hardly been seen by human eyes, except those belonging to scuggish boys out of bounds.

Eton has made its museum partly because, like it or loathe it, Eton does have an extraordinarily old, rich and romantic history. The Provost's appeal for Etonian ephemera and bibelots brought in enough turn-of-the-century letters home, early schoolbooks, sporting trophies and bloodstained birches to furnish half a dozen museums.

The museum is also necessary because Eton is besieged by frequent coachloads of tourists. It is close to the golden tourist route to Windsor: horses of Japanese tramp around the School Yard looking puzzled and clicking their cameras. At present they can see the outside of the buildings, visit Chapel, and Lower

School if it is not being used for teaching; but get no idea of the workings of the school, and get in everybody's way. It is a sensible as well as a lucrative notion to channel them through the cellars of College Hall.

Down there they will be initiated in the secrets of Eton life from flogging to the colours system, which must be an origin of the adult English obsession with honours. Flogging, I regret to tell you, is the subject that most tourists to Eton want to be told about, in bloody detail. So no doubt justice will have to be done in the Undercroft to Dr John Kease, the early nineteenth-century flogging Head Man, who suppressed muscley by beating all day, and whose name pedantic Tugs derived from the Greek words meaning "I shed wool".

He used to ask boys who had been put in the "bill" for bad work: "Is it ignorance, or is it idleness? If it is ignorance, you must go down to a lower part of the school, and if it is idleness, I'll flog you." The old monster enjoyed his work.

There was a boy wrongly accused of a flogging misdemeanour (all misdemeanours were floggable). The boy pleaded an alibi. Kease interposed at the end of every sentence: "Then I'll flog you for that!" The agony of flogging and other varieties of Etonian corporal punishment are abated, so that now they never happen. Never? Well, hardly ever.

I hope that the museum solves the puzzle of Eton slang, particularly the derivation of "scug", that very old, very rum word. There is no problem about its meaning. What it means negatively is a boy who is not distinguished in person, in games, or social qualities. Positively, it is a boy of untidy, dirty, or ill-mannered habits: one whose sense of propriety is not fully developed. A scug-cap is worn by those who have not achieved any gaudier headgear.

The clever men at Eton know all there is to be known. But none of them has a clue about the origin of this ancient word. For the opening of the museum, I offer them a solution. Scug-thug is Neapolitan slang for a street Arab or gamin. What is more likely than that Etonians on the Grand Tour in the eighteenth century should communicate Scug back to their children or younger brothers? No? Well, I thought it was worth a try.





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## MURDER IS MURDER

Thursday's outrage at Newry is the worst slaughter of the RUC since large-scale violence in Northern Ireland resumed in 1969. Sixteen people have been murdered by the IRA in the last fortnight. The Provisionals have lost eight of their men in the last three months engaged, as they would put it, "on active service". The purpose of the IRA is to use killings to make political points and to generate headlines. That is the essence of terrorism but the murder of Ulster policemen and other civilians should not be dignified by any attempt to set such a crime in a so-called military or operational context. It is the crime of murder, pure and simple.

The terrorist chooses violence as the instrument of first resort. Yet for some reason we have come to distinguish terrorism from violent crime when we should not make such a distinction. The act is the same. It is criminal violence against people who are not at war.

The terrorist and his apologist make some allowance for the act of violence because they believe that a political motive which spawns criminal violence is somehow more respectable than any other motive. It is not. The public purpose, professed by terrorists may give their criminality political colouring. It does not make the act moral. They are not soldiers carrying out legally constituted orders handed down from lawful authorities in a formal state of belligerence.

The IRA, or any other of the world's contemporary terrorist organizations (for they are morally all the same) commit a clear, simple and unacceptable criminal act when they murder British citizens in Northern Ireland. They do their best to persuade us to portray such criminality, to discuss it and to evaluate it, as something other than a crime, with tactical or strategic connotations. Such considerations give a wholly false dignity to an act which is just another horrid and indefensible murder.

Terrorists use violence against people who have no initial idea that they are at war. The terrorist intends ultimately to force us all to accept that we are at war because he is at war against the whole of society. That is the terrorist purpose. That is why, in the context of Northern Ireland, police stations are now caparisoned with high wire defences (though not, unfortunately, with roof guards which would have protected Newry from the mortar bombs). To the terrorist, society and all its members are the enemy. It is thus an absolute war since the terrorist's goal is the absolute destruction of our society.

It is thus easy to see why there is such an affinity between the totalitarian world and most terrorist organizations which are at war against western societies. The former has the same absolute attitudes to society - its total subjugation to a political ideology - as does the terrorist with his desire for society's absolute destruction. Both the totalitarian and the terrorist justify their absolute violence by

invoking some higher aim to justify the contempt with which they treat conventional ideas of good and evil. This link is epitomized today by the fact that the principal totalitarian state, the Soviet Union, is also the principal supplier, sponsor and supporter of terrorism as a form of political action in the communist world. It was George Orwell who warned us: "It is not merely that power corrupts, also do the ways of attaining power. Therefore all efforts to regenerate society by violent means lead to the cells of the NKVD."

Soviet theorists have naturally extolled what they call "the armed road" to power. That is how they achieved power themselves, and how they now retain it. Their sponsorship of so-called liberation movements, which is how they would dignify the Provisional IRA, has helped to introduce the notion of irregular, unconstitutional violence as a legitimate element of the international political process. The only kind of violence previously recognized by the United Nations was of official states of belligerence between nations.

The United Nations has easily fallen victim to this moral confusion. Most of its members now willingly accept criminal violence if the criminal asserts a political motive. Thus we have endless UN motions giving support to movements which are conceived in violence and sustained entirely by violent acts which bear only very indirectly on the political context which have inspired them. The General Assembly, indeed, has gone so far in support of terrorism as a legitimate form of violence that it has endorsed the view that the intended victims of terrorism have no right to self-defence.

So a society targeted by terrorists is thought to have no right to self-defence, by those who subscribe to what now goes for "world opinion". When in Northern Ireland, for instance, sensible measures are taken to protect society against the terrorist in its midst, including the shooting of armed terrorists in the course of their criminal operations, they become the subject of instant criticism from many people, sadly including Roman Catholic priests, who have become infected with this moral confusion.

Orwell rightly predicted that the totalitarian danger would first subvert our language. Terrorism, supported by totalitarianism, is out to confuse and disorientate stable societies so that they fail to organize their self-defence. In this war words are weapons. In the mouths of terrorists words are meant to confuse. We are asked to believe in force for liberation, though what we see in reality is force to enslave. Solzhenitsyn has reminded us that violence is used to support a system of lies and that lies are used to justify relations based on violence. Only lies can justify murder in the pursuit of political ends. Only lies can find any comfort, or exculpation, for the massacre at Newry.

## A GREEK ERROR

President Spyros Kyprianou of Cyprus began last night to exorcise himself from a situation of his own making which was rapidly becoming untenable for him. By his clumsy negotiating tactics in January at the "high-level meeting" in New York between himself and the Turkish Cypriot leader, Mr Rauf Denktaş, he had succeeded, for the first time since the Turkish military intervention in 1974, in putting his own side in the wrong and the Turks in the right in the eyes of most international opinion.

Confronted by a document drawn up by the UN secretariat on the basis of discussions with both sides, and which Mr Denktaş was ready to sign as it stood, Mr Kyprianou expressed reservations or qualifications about almost every point in it and insisted that before he sign it certain issues be resolved which, under the procedure envisaged in the document, would have been left to subsequent discussion in "working groups". Yet the worst that could have happened would have been deadlock in the working groups followed by another high-level meeting to try to resolve it.

For this blunder the President was justly censured by an admittedly heterogeneous majority in the Greek Cypriot parliament, composed of supporters of his pro-Nato rival Mr Glafos Clerides on the one hand, and on the other of Communists who were his allies until, shortly before going to New York, he solemnly and

perhaps injudiciously severed his links with them. What should he do? A referendum, dissolution and new parliamentary elections, even resignation and a new presidential election were suggested. But Mr Kyprianou is neither Makarios nor de Gaulle. His chances of getting away with such a grand gesture were slim, as he must have realized.

Instead he has promised to soldier on, while offering discussions with the opposition on "any suggestions contributing to detente and the restoration of unity and consensus". It is to be hoped this means that, while claiming to stick to his own relatively hard line, he is in practice willing to steal his opponents' clothes and ask for American help in bringing the Turks back to where the talks broke down in January.

Otherwise, the prospects for the Greek Cypriots are dim, for they can no longer rely on the "Greek lobby" in the US to keep up the pressure on their behalf by blocking or cutting the administration's requests for aid to Turkey. In the past Congress has irritated the administration by insisting on a seven-to-ten ratio between military aid to Greece and to Turkey. This year for the first time since 1974 it was justly censured by an admittedly heterogeneous majority in the Greek Cypriot parliament, composed of supporters of his pro-Nato rival Mr Glafos Clerides on the one hand, and on the other of Communists who were his allies until, shortly before going to New York, he solemnly and

## Police record in pits dispute

From Assistant Commissioner G. J. Dear

Sir, In your clear and timely leading article, "Little crime from big crime" (February 28) you sought to separate some of the facts from the myths which have been generated during the miners' dispute. Can I now seek to follow on and use your columns to address one more myth that gained currency during the closing months of last year. It was then said that London Metropolitan police officers on duty in the coalfields had gained for themselves a reputation for ill-discipline, aggressive conduct, insensitivity and other unacceptable forms of behaviour.

As the operational head of London's uniform police I was understandably very concerned at the allegations but could not find hard facts from any quarter to support the criticisms, which had only ever dealt in generalities. Chief constables in areas where my men were operating reported that the reverse was the case - Metropolitan Police officers always maintained high standards and were an effective complement to the local police.

Additionally, and much more importantly, the statistics suggest a different picture. During the dispute a total of 546 complaints have been made to date against all the police performing duty in the coalfields, representing almost every force in the country. Only 12 of those complaints involved Metropolitan Police officers, and during the same period 221 of my men were injured.

The Metropolitan Police has provided up to a quarter of all additional police manpower during the dispute - up to 2,000 officers each week and over a quarter of a million individual tours of duty, most lasting from 10 to 16 hours.

During their time away from London they donated, through ad hoc fund-raising ventures, thousands of pounds to charities in the areas in which they temporarily worked. There were also frequent exchanges of souvenirs between police and the mining communities.

All in all, hardly the record of an insensitive and ill-disciplined force. Yours faithfully, GEOFFREY DEAR, New Scotland Yard, Broadway, SW1, February 28.

## Funeral honours

From Mr Julian W. S. Litten

Sir, Why does the Press insist on calling those who carry coffins pallbearers when to do so is totally incorrect? From at least Tudor times and until the end of the nineteenth century shouldered coffins and their bearers were draped overall with a huge rectangle of black velvet cloth, lined and fringed white, called a pall. To prevent it from trailing on the ground it was supported by its own attendants, usually friends of the deceased, and it was these persons and only they who merited the title of pallbearer.

To allow those shouldering the coffin a view of the path they were treading, the pall was drawn back at the foot end, and so it was that the awesome sable vehicle proceeded. The present-day pall is somewhat less than half the size of its predecessor and is, therefore, too small an item to require the assistance of its own bearers.

Much of our funeral pomp and pageantry has been eroded over the last 75 years, but this should not be an excuse for incorrect nomenclature.

Yours faithfully, JULIAN W. S. LITTEN, Department of Prints & Drawings, Victoria & Albert Museum, South Kensington, SW7.

## Fear of Aids

From Mr Peter Tatchell

Sir, Your editorial, "Indiscipline over Aids" (February 19) called on homosexuals to support "responsible concern" to prevent the spread of the Aids virus.

That is precisely what the homosexual community has already done. Faced with Government inaction, two years ago homosexuals set up the Terrence Higgins Trust to provide accurate public information on Aids and to advise homosexuals on ways of reducing the risk of infection. Simultaneously, Gay Switchboard convened Britain's first national symposium on Aids and the Gay Medical Association became the first national organisation in this country to call on homosexuals not to donate blood.

The Government ought to now heed the "responsible concern" of the homosexual community by agreeing to a far more vigorous programme of publicly-funded Aids research and health education and by the provision of direct ministerial grants to hospitals treating Aids patients to enable doctors to cope adequately with the severe strain that is being placed on their restricted resources by this long and debilitating illness.

Yours sincerely, PETER TACHELL, Rockingham Street, SE1.

## Pay and unemployment

From Mr Harvey R. Cole

Sir, The Treasury claims that a 1 per cent fall in real wages will increase employment by 100,000 to 220,000. But a look at the real world suggests that this is not the common sense it might seem.

Between 1979 and 1983 manual workers' real hourly pay rose 5 per cent - in manufacturing by only 3 per cent - both well below the apparent improvement in productivity. Yet unemployment soared. In contrast, real pay of managers and directors increased much faster, but without a corresponding loss of jobs. Not much evidence there of people being "priced into work".

Nor is the improvement in efficiency all it seems. Since 1976 overtime worked has risen by 40 per cent, in spite of a drop of a quarter

## Persona non grata in Reading Room

From Miss Wendy Slemen

Sir, I am an unpatriotic, irresponsible philistine who, unlike Lord Thomas of Swynnerton (February 27), never found the British Library Reading Room beautiful or inspiring. Such is my depravity that I do not even think it functional or of adequate capacity.

On my first acquaintance with the institution, when I needed to use it for postgraduate work in 1965, the conversation started with "Can't you do your research anywhere else?" I persevered and, with professional help, obtained a reader's ticket which I allowed to lapse when my need for Elizabethan quartos was satisfied. Last year, when I attempted to obtain another ticket, my reception was so off-putting that I yielded to my un-British spinelessness and gave up.

The reason for this discouragement of readers is doubtless the same as the reason for the delays I experienced in having books fetched: shortage of resources. A library cannot be said to be "entirely adequate for the likely demand" when a taxpaying seeker after knowledge finds obstacles to using it. I wonder how happy the staff are with the present situation.

We need a big new British Library with sufficient staff to keep watch for vandals as well as to provide an efficient service to readers, with restricted access to particularly fragile or valuable items, but otherwise welcoming all those who wish to use it. Why should our national heritage, which Lord

Thomas rightly treasures, be difficult to get at?

Yours faithfully, WENDY SLEMEN, 44 Lauderdale Mansions, Lauderdale Road, W9.

From Ms Penelope Woolf

Sir, Rather than hold the Bibliothèque Nationale up as an example to follow (Lord Thomas of Swynnerton's letter) maybe we would do better to look at this library as a warning of what could well happen to the British Library now that funds are short.

The February circular from the British Library Reference Division states that, among other minor changes, book orders for the same evening will no longer be taken after 6.15pm and that there will be no van service to the Bloomsbury reading rooms from the Woolwich outhouse on Saturdays.

The Bibliothèque Nationale does not deliver any books to readers on Saturdays and there is a proposal to extend this to one day in the week as well. Services at other times are erratic and frequently interrupted because of staff shortages or strike action. Deliveries from outhouses take a minimum 48 hours to arrive, compared to the present time of 24 hours at the British Library.

Keep the British Library in its present location and use the money that is saved to guard against severe cuts in services which are all too familiar to readers at the Bibliothèque Nationale. Yours faithfully, PENNELOPE WOOLF, 12 Gordon Mansions, Torrington Place, WC1.

## Taxing unused sites

From Mr John Hatherley

Sir, The package that Nigel Forster and John Maples present (feature, February 18) to revive employment has much to commend it and much that Liberals have long advocated.

Those of us who saw the American documentary film, *A Tale of Five Cities*, in the Grand Committee Room of the House of Commons last October would part company with Messrs Forster and Maples over the £1,000 million PSBR (public-sector borrowing requirement) aid to London Docklands. That film showed how our flagging construction industry and urban areas could be revived without cost to the PSBR.

Five depressed Pennsylvanian cities decided to tax certain unused sites. The result was predictable to those who understand the economics of land development: having on their hands a now loss-making asset, landowners called in construction companies and soon developed the sites.

By the well-known multiplier effect (construction employees' and sub-contractors' earnings passing wave upon wave of spending through the communities) these cities quickly revived. Five similar Pennsylvanian cities, the untouched

control group, remained depressed. Need one emphasise that there was no PSBR-like drain on the successful cities' exchequers?

London Docklands (and by implication, all enterprise zones) raise another issue which the authors of *Work to be Done* ignore. Your Transport Editor, Mr Michael Bailey, pointed out last year that London Docklands Development Corporation's 5,000 acres were valued variously at between £70,000 and £100,000 per acre, but the Isle of Dogs (enterprise zone) was worth £150,000 an acre, a figure which the projected rail link would boost to about £1 million per acre.

The question is, what have the landowners done to earn this increment? If the answer is "nothing", should not the Exchequer recover to taxpayers by means of a levy the taxpayers' money that has re-surfaced into the landowners' asset values? I have more than a hunch that the levy would also reduce land asking prices by the capitalised value of the levy - surely no small encouragement to revival!

Yours faithfully, JOHN HATHERLEY, 16 Brighton Road, Cuslodon, Surrey, February 19.

## The roots of rights

From Sir William Lithgow

Sir, Lord Scarman's intention, you report (February 8), is to introduce a Bill to incorporate the European Convention of Human Rights into English law. The convention was largely the drafting of the Scot, David Maxwell-Fyfe, Earl Kilmuir, Chairman of the Legal Committee of the Constituent Assembly of the Council of Europe.

Both nation signatories to the Treaty of Union of 1707 have been affected by modern legislation permitting an executive to adjudicate its own version of justice. Our united sovereign Parliament, under the Crown, has a responsibility, as well as the legislative power, to

allow the Crown's judiciaries to determine justice, of which the Crown is the traditional fountain.

For Scots the concepts of law are rooted in that of the Romans. At Strassbourg's 21-nation court, a copy of England's Magna Carta hangs as a symbol of what the British had stood and fought for alone against tyranny. Citizens of the United Kingdom should however be able to find fundamental justice here in these islands.

When the Mother of Parliaments rejects a Convention Bill, she rejects what she espoused. Yours faithfully, WILLIAM LITHGOW, PO Box 2, Port Glasgow, Renfrewshire.

## Value of earth sciences

From Mr Henry George

Sir, Like my distinguished namesake, Henry George (1829-1897), I also have an interest in how land should be managed to benefit mankind. However, during my work as a soil surveyor I have come to appreciate that before any valid economic appraisal of land can be made it is necessary to find out more about the land through the medium of soil maps, which chart the extent and occurrence of different soils whose diverse properties have such an important effect on their suitability for and behaviour under the many, often competing, forms of land use which occur on this crowded island.

The Soil Survey of England and Wales, established some 40 years ago, has recently completed and published a 1:250,000 scale soil map of England and Wales. Its sister organisation, the Soil Survey of Scotland, has also published a map of Scotland at the same scale. In addition, both surveys have in the past produced more detailed soil maps of smaller selected areas, as well as technical monographs on land classification and measurement of important soil properties.

Earlier this year the staff of the Soil Survey of England and Wales, who are dedicated to refining and expanding the mass of knowledge about the distribution and properties of soils, learnt that the funding the survey receives from the Ministry of Agriculture is to be curtailed by 50 per cent from its present annual level of £1.7 million. This cut in funding which is threatening our work comes at a time when soil survey maps and information are needed to assist farmers to produce food at a lower cost on the most suitable land, and when the public is becoming increasingly aware of the damage being caused to the environment by some modern farming methods and by industry and recreation.

It is to be hoped that other Government departments and agencies, who also make use of soil survey information, can provide funding for the soil survey in future. In addition to the Ministry of Agriculture, so that the valuable work can continue effectively. Yours faithfully, HENRY GEORGE, The Old Mill House, Whatstandwell, Nt Mallock, Derbyshire.

particularly if the latter are to be clawed back by higher bills for gas, electricity, water and oil, and any additional VAT which Mr Lawson can smuggle past Mrs Thatcher.

Ironically, if the Government is barking up the wrong tree, the Labour Party are bowling in the wrong part of the forest. For all their denunciation of any lowering of real incomes, their own pet remedy, a further fall in sterling's exchange rate to "improve" our competitive position, relies on workers not noticing that their spending power is being cut - and their willingness to do nothing about it if they do see through the dubious theoretical economics.

Yours &c, HARVEY R. COLE, 9 Clifton Road, Winchester, Hampshire, February 26.

## A secret service ombudsman?

From Mr Chapman Pincher

Sir, The allegations of Miss Cathy Massey, the former M15 officer who features in the banned TV documentary about telephone tapping, is further evidence of a serious structural deficiency inside M15. There is, clearly, no channel through which officers with grave misgivings about the nature of their work can complain without fear of raising doubts about their fitness for the work or affecting their promotion prospects.

As part of the American arrangements for supervision of the US secret services by an independent "oversight" body there is an office inside the Central Intelligence Agency which acts as an ombudsman to consider the complaints, grievances and anxieties of CIA employees. While it is too much to hope for any action to introduce independent oversight of the British secret services there would seem to be an undeniable need for such an ombudsman arrangement, especially as M15, M16 and, now, GCHQ, have no union representation.

If the claims of the recently convicted M15 officer, Michael Betancourt, are to be believed it seems possible that when he was becoming "disillusioned" with M15's activities he might not have had to contact the KGB but there has been someone with whom he could have discussed his problems in confidence. Further, it was surely wrong that M15 and M16 officers who were perturbed about the lack of action on the case of Sir Roger Hollis should have been able to secure an inquiry only by sending one of their number to knock on the door of No 10 Downing Street.

If there were such an ombudsman serving each of the main services there would need to be a very senior privy councillor to whom he could report on cases considered to be genuinely serious. This person could be empowered to take up any which he agreed to be serious with the head of the secret service concerned.

Yours faithfully, CHAPMAN PINCHER, Church House, 16 Church Street, Kimbury, Newbury, Berkshire, February 26.

## Pension changes

From Mr Brian Rix

Sir, No doubt along with many others, I read your Special Report on Pensions (February 13) with considerable trepidation and will listen to the Chancellor on Budget Day with heightened gloom and foreboding.

Rumours that he is about to dabble in pensions, to our disadvantage, have been rife for some time. Your report, harped on this unpleasant possibility to such an extent that another Government leak seemed to have taken place.

As a member of the self-employed, I have steadfastly paid in my pension contributions since the scheme was introduced by Harold Macmillan, the then Chancellor of the Exchequer, in the fifties. Thereafter tens of thousands of us have marched, like lemmings, in the wake of our most revered (and now, ennobled) elder statesman.

Is his contribution to the betterment of the self-employed to be enshrined in punitive, even retrospective, legislation? If this is to be, I can only hope he will make a third speech in the House of Lords, this time defending all of us who are approaching the sere and yellow and who are extremely worried that nearly 30 years of careful husbandry is about to be cast to the "winds of change".

Your headline was "The self-employed hold their breath". Let's hope the Chancellor doesn't wind us completely on March 19.

Yours etc, BRIAN RIX, 3 St Mary's Grove, SW13, February 14.

## Sponsorship of the arts

From Mr Stephen Hetherington

Sir, Much is heard from the Government benches of the need for the arts to raise more funds through commercial sponsorship. This is naive. Sponsorship is payment for a service, whether it be for the enhancement of a company's image or for providing a vehicle for advertising. Companies only pay for this service what it is worth.

Compared to the alternatives, sponsorship is a very expensive and risky way of obtaining these benefits. Advertising is much cheaper whilst no one can guarantee in advance the quality of an artistic work and, therefore, the value of being involved in it. The result is that the only institutions likely to be successful in finding sponsorship are those of international importance and which have audiences that match the sponsor's required social class.

The arts in the USA survive on commercial and private sponsorship and their example is often quoted. The difference is that companies there can reduce their corporate tax liability by offsetting sponsorship contributions. In this country we still tax the arts, principally through VAT, more than any other EEC nation. Indeed the Chancellor makes a profit on the exercise as the taxes raised are more than the total of grants awarded.

From experience and simple observation I can assure you that there is no possibility that commercial sponsorship can replace reduced grant awards.

Yours faithfully, STEPHEN HETHERINGTON, Queen's Theatre, 51 Shaftesbury Avenue, W1, February 26.

## ON THIS DAY

MARCH 2 1831  
During the late 18th and early 19th centuries the demand for Parliamentary reform grew stronger - as public meetings, petitions and the formation of societies for people's rights increased. The Times under Barnes had been an advocate for reform from the first days of the movement. The return of a Whig ministry under Grey in 1830 prompted the paper to urge the people to "thunder for reform". The first step in the change in representation was taken on March 1 1831 when Lord John Russell, long a supporter, moved the Reform Bill. It was not, however, until June 7 1832 that the Reform Act came into being.

## [THE REFORM BILL]

The anxiously-expected motion of Lord JOHN RUSSELL came forward last night, for a reform in Parliament. Ministers, through his Lordship, do not play with the feelings of the people. The measure proposed is an effective one. It cuts off obvious, and disgusting abuses with an unsparring hand. It is impossible here, and as yet, to enter into an analysis of all the parts of it; but this may be given as a brief abstract...

1. The boroughs to be totally disfranchised amount to 60... and it was agreed that all those which by the census of 1821 had not a population of 2,000 inhabitants were not entitled to return members.

The House would thus be reduced by 60 members, and instead of 658, would consist of 598.

2. With regard to the qualification, it was thought that the possession of a house of the value of 10L a year... was high enough.

3. To secure the lists of electors against fraud... a register of voters is to be prepared in November every year... Upon these registers we shall see a few words; the first is the magnitude of the present House. This is a great grievance, and more especially as most members now choose to show their dexterity in speaking. Indeed, a seat in Parliament is now a mere commodity for sale; for legislation, but seems to be almost necessary as a 'gentle thing'...

It appears to us that the present members for rotten boroughs should leave the House... while their existence is discussed... they will not make their appearance in the House again, as none but madmen would repurchase their seats; and the now infamous and marked-out nominees of Peers and other opulent persons would be justly handed over to condign punishment, or popular indignation, if they should dare to obtrude themselves into Parliament. Speaking in general terms, we approve of the present plan, sincerely. We do not press all others to like it as we do, but we advise the country most strenuously to support it. The crew of a stranded ship do not examine the merits of the various proposals for a vessel which is to take them off the wrecked island on which they are cast, to a place of plenty and safety. No one can deny but that whatever is in the bill is good; to dispute whether parts might not be better, is to afford the adversary of all reform the handle they would wish. To the House we should say, "Pass it, pass it." To the people "Urges in every way the passing of the bill; call for it, press it forward." Let the public cast their eyes over the list of rotten boroughs, as contained in Lord JOHN RUSSELL'S speech. Their mock representatives will not much longer insult the common sense of all mankind...

## Soviet justice

From Mr Ralph Millner, QC

Sir, Professor Pethybridge (February 16) greatly surprises me. He asserts that Russian judges during the 1930s: "presided over vetted juries" and adds that his is proud to live in a country "where juries do not not act as they did in the Soviet Union" in those years.

But Sir, the Soviet courts in the thirties did have juries! A Soviet "people's court" consisted then (as now) of a judge and two lay assessors, all three elected; and those three persons, if not unanimous, reached their decision by a majority. Yours faithfully, RALPH MILLNER, 69 Anson Road, N7, February 17.

## Opposition to Khomeini

From Mr A. Esna Ashari

Sir, Your leader, "Until Khomeini goes" (February 18), describes the Iranian opposition in exile as increasingly disunited. This misses two points.

First, it is not necessary for all the exiles to be united; it is necessary only that there is a degree of unity sufficient to carry out the task of removing the Khomeini regime from within, when we judge the moment to be right. This degree of unity we now have.

Secondly, exiles are increasingly united. Close cooperation now exists between the resistance movements led by Dr Bakhtiari and Dr Amiri, and they in turn have a positive relationship with the late Shah's son. All are agreed that the Khomeini regime must go if the persecution of the Iranian people and the futile war with Iraq are to be ended.

There cannot, however, be unity which includes Mr Rajavi and his friends because when they collaborated with Khomeini in the early days of his regime they showed themselves to be contemptuous of human rights and the rule of law, and to be no less savage than Khomeini himself.

Yours faithfully, A. ESNA ASHARI, National Movement of the Iranian Resistance (NMIR), PO Box 313, London, W2.

## By roundabout means

From Miss Catherine J. Clark

Sir, What is the etiquette concerning revolving doors? This afternoon, on leaving Durham University library, a dilemma arose. The gentleman who arrived marginally ahead of me was anxious to fulfil propriety but foresaw that if he allowed me to go first through the revolving door I would have to push it. Practicality prevailed and he went first.

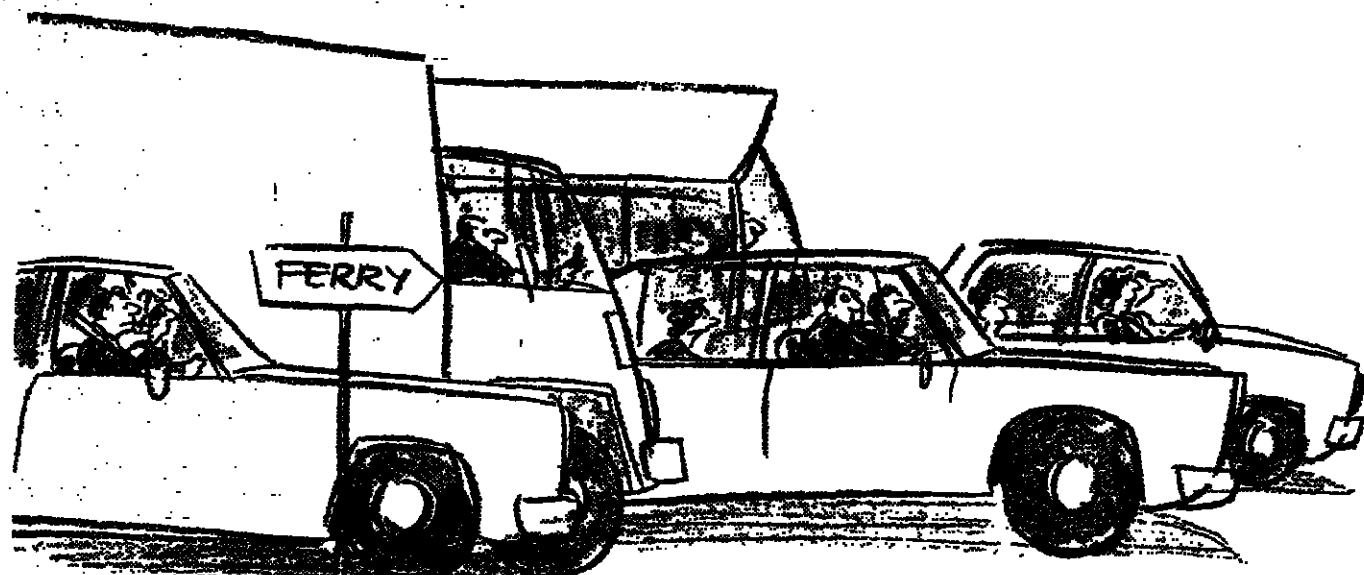
Yours faithfully, CATHERINE J. CLARK, St Aidan's College, February 25.





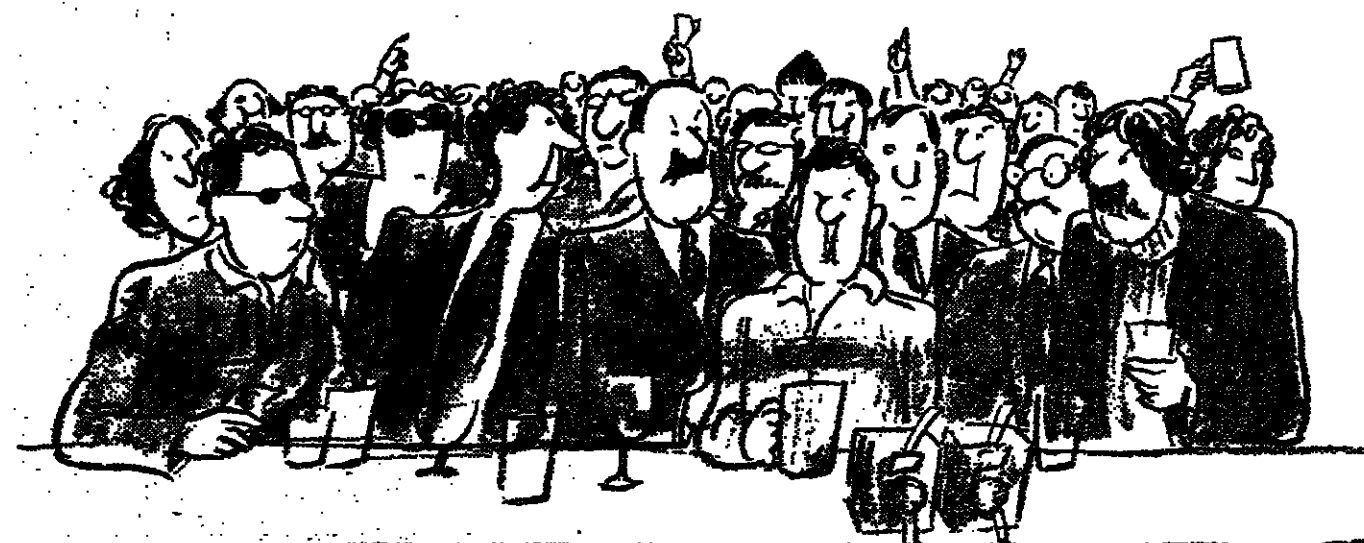


# Life in the slow lane.



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The average ferry can carry over 1400 passengers. By the time they get on board they need a drink.

Just as well the ferry takes twice as long to cross, should you be last in the queue.



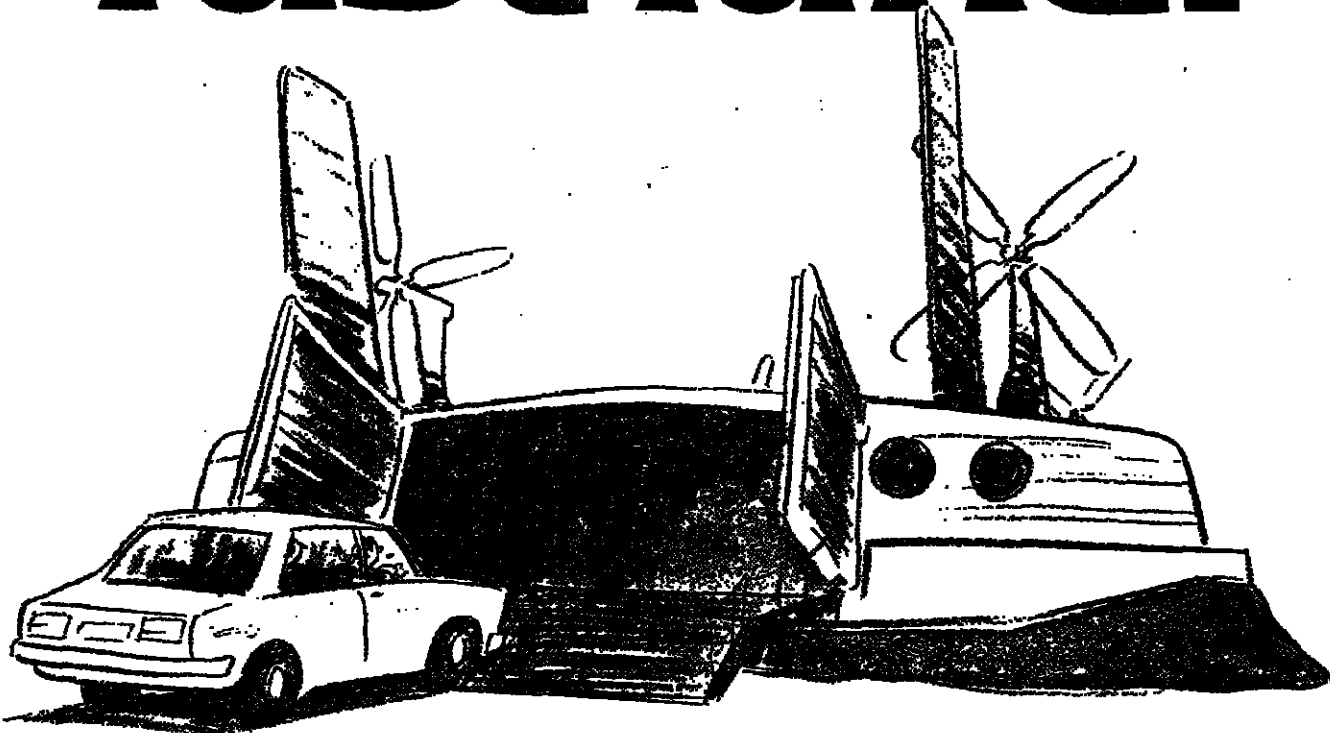
One thing the Duty Free isn't free of. And that's a queue. You queue to get in. And queue to check out. Still we British like queueing. Don't we?



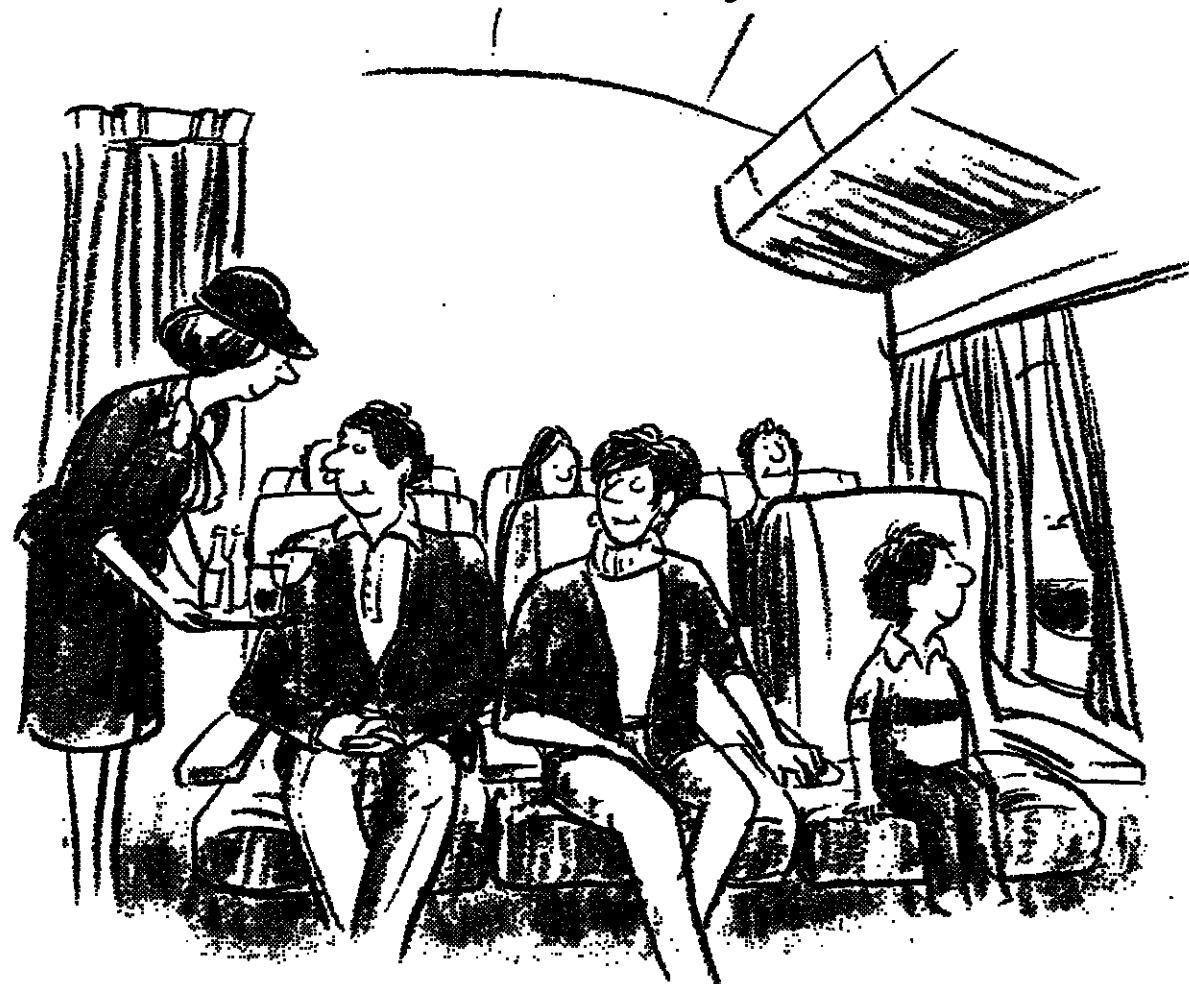
Arrived. At last. Let's hope you weren't last on. In front of you are 1400 passports to check. And that's before the customs. Still, you'll get there. Eventually.

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# Life in the fast lane.

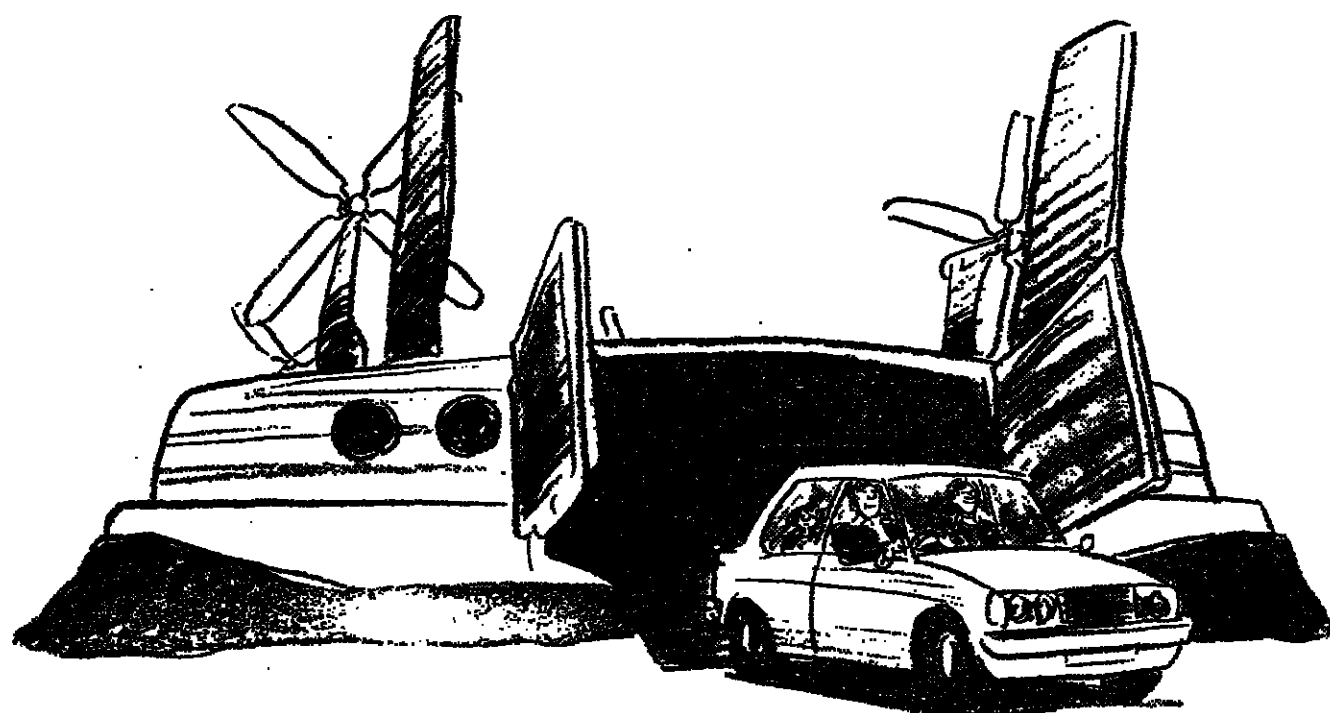


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Our biggest Hovercraft only carries 424 passengers. And everybody gets a seat.

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At our Hoverport, we have our own passport control and customs.

So we do declare you'll be through in half the time.

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From your Portfolio card check your eight share price movements. Add them up to give you your overall total. Check this against the daily dividend figure published on this page. If it matches you have won outright or a share of the total daily prize money stated. If you are a winner follow the claim procedure on the back of your card. You must always have your card available when claiming.

No.	Company	1984/85 High	1984/85 Low	Company	Price	Change	Ytd %	P/E
1	ELECTRICALS							
2	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
3	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
4	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
5	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
6	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
7	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
8	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
9	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
10	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
11	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
12	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
13	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
14	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
15	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
16	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
17	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
18	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
19	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
20	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
21	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
22	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
23	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
24	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
25	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
26	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
27	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
28	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
29	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
30	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
31	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
32	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
33	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
34	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
35	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
36	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
37	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
38	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
39	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50
40	Electrom	10.50	10.00	10.50	10.50	0.50	5.00	10.50

## Weekly Dividend

Please make a note of your daily totals for the weekly dividend of £20,000 in today's newspaper.

MON	TUE	WED	THU	FRI	SAT	Weekly Total

1984/85 High Low Company Price Change Ytd % P/E

## SHORTS (Under Five Years)

No.	Company	1984/85 High	1984/85 Low	Company	Price	Change	Ytd %	P/E
1	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
2	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
3	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
4	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
5	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
6	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
7	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
8	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
9	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
10	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
11	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
12	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
13	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
14	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
15	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
16	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
17	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
18	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
19	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50
20	Shorts	10.50	10.00	10.50	10.50	0.50	5.00	10.50

## FIVE TO FIFTEEN YEARS

No.	Company	1984/85 High	1984/85 Low	Company	Price	Change	Ytd %	P/E
1	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
2	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
3	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
4	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
5	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
6	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
7	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
8	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
9	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
10	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
11	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
12	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
13	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
14	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
15	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
16	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
17	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
18	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
19	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
20	Five to Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50

## OVER FIFTEEN YEARS

No.	Company	1984/85 High	1984/85 Low	Company	Price	Change	Ytd %	P/E
1	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
2	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
3	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
4	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
5	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
6	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
7	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
8	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
9	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
10	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
11	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
12	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
13	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
14	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
15	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
16	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
17	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
18	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
19	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50
20	Over Fifteen	10.50	10.00	10.50	10.50	0.50	5.00	10.50

## UNDATED

No.	Company	1984/85 High	1984/85 Low	Company	Price	Change	Ytd %	P/E
1	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
2	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
3	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
4	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
5	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
6	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
7	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
8	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
9	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
10	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
11	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
12	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
13	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
14	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
15	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
16	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
17	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
18	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
19	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50
20	Undated	10.50	10.00	10.50	10.50	0.50	5.00	10.50

## INDEX-LINKED

170	120	60	121	4	8.9	8.9	
101	101	53	101		9.9	9.9	36
101	101	201	201		28.1	28.1	
181	181	BankAmerica	181				
121	121	Bank of America	121				
121	121	Bank of Ireland	121				
121	121	Bank Leontis Int'l	121		17.6	17.6	
121	121	Bank of Montreal	121				
121	121	Bank of Scotland	121				
121	121	Barclays	121		14.5	14.5	65
121	121	Brown Shipley	121		12.1	12.1	10
121	121	Chemical Bank	121		20.7	20.7	10
121	121	Citibank	121		41.0	41.0	9
121	121	Commerzbank	121		2.0	2.0	12
121	121	Commerzbank	121		2.0	2.0	12
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121</							



# FINANCE AND INDUSTRY

Executive Editor Kenneth Fleet

## The Midland suffers amid bankers' joy

National Westminster opens the 1984 results season for the big four clearing banks next Tuesday and the indications are that it will be NatWest which will turn in the most impressive performance. The table gives an idea what some of the top analysts expect. NatWest is expected to chalk up a pretax gain of about one-quarter, Barclays a rise of around one-fifth and Lloyds a more modest 10 per cent or so.

Midland Bank is again the odd man out. Its Californian subsidiary Crocker National Corporation, has already unveiled a pretax loss of \$327 million for 1984. Although the impact of this blow may be softened in Midland's consolidated figures by the inclusion of the profit on the sale of Crocker's San Francisco headquarters, bank analysts still expect group profits for 1984 to fall to well under half the previous year's level of £225 million.

Bad debt provisions are likely to have stayed at high levels in 1984. The charge will be up of course at Midland, while, of the other banks, Barclays and Lloyds are likely to reveal modest falls, and NatWest's will probably be rather higher. This year the banks may at last begin to see some significant easing in group bad debt provisions.

### BROKERS' ESTIMATES (£million)

	1983	1984		1983	1984
	Laing & Crutchfield	De Zoete & Bowen		W. Greenwell	
Barclays	557	668	670	678	
Lloyds	419	445	455	461	
Midland	225	80	90	81	
NatWest	514	639	640	638	

The main impetus behind their 1984 progress is likely to be in domestic banking. W. Greenwell, the stockbroker, is expecting Barclays, Lloyds and NatWest all to show good growth in domestic banking profits for last year. Personal credit demand has been strong, and in some cases commission income arising from higher bank charges should have come through strongly. Midland should also have benefited from these factors, although its domestic performance at the half-way stage was slightly less impressive than those of the other banks.

Attention will inevitably focus on the balance sheet strength of the banks, which was weakened last year by the huge deferred tax clawbacks they all suffered as a result of last year's Budget tax measures affecting their leasing operations. They must have a better chance of escaping Mr Lawson's net this time.

Midland's position is most acute, and more concrete indications may emerge next week about how it plans to improve its capital base. In this context Midland's failure to win a full banking licence in Australia has a bright side to it, since expansion in Australia would have been an additional drain on precious capital resources.

Among the other banks, Barclays has recently enhanced its capital ratios by selling its 34 per cent stake in Bank of Scotland, and Lloyds is planning to sell its 21 per cent holding in Royal Bank of Scotland. However, both are still seen as potential fund-raisers at some stage.

### Government sphinx baffles gilt traders

The Government Broker stepped cautiously back into the gilt market yesterday, and announced a discreet piece of funding which set the traders thinking Egyptian.

Specifically, the Government Broker announced two tranches of £150 million each, one for the Treasury 2½ per cent index-linked 2009, the other for Treasury 2½ per cent index-linked 2016. Conceivably, the rationale behind the

funding was the desire to emphasize the permanence of the new regime announced on Thursday, which leaves high-coupon long-dated stock under a fiscal cloud.

Implicit confirmation of the authorities' optimistic stance came with the weekly Treasury bill tender. After 13 weeks of unbroken advances in the rate, the tender yesterday was unchanged at the minimum rate of 13.4769 per cent, but slightly down on the average tender rate. At the very least, the halt to the upward march in the Treasury bill rate will put off speculation about the link with base rates, which existed under the old formula - add ½ point and round up to the nearest ¼ point.

But is the funding move a riddle without a sphinx, or even the other way round, whined the traders. Taplets are bear market funding instruments. Yesterday, overnight rates at one point moved above 15 per cent before easing back.

Were the authorities therefore issuing a veiled warning that next week's going might get rougher, especially since sterling weakened yesterday, both against the dollar and on the trade-weighted? Spot oil prices have shown a downward trend for most of the week.

Commenting on the funding move, Stephen Lewis, of Phillips & Drew suggested that the authorities had opted for selling index-linked debt because the conventional market in government securities was now too unsettled after the Inland Revenue's move to outlaw bond washing.

On balance, the market was inclined yesterday to blame most of the Exchequer's £300 million in lost revenue on the jobbers. Brokers, who are apparently set to lose up to a quarter of their gilt revenue after the switch to a new system of "clean" gilt prices, were particularly prone to make this accusation.

Some suggested that the broad position, whereby individual investors took the uplift in stock prices (as dividends accrued) by way of capital, and sold the income to pension funds, might have lost the Revenue some income.

But in theory, the really big trading involved the jobbers' attempts to lose dividends accruing on long-dated stocks. Netting the income off against manufactured losses of dividends in the shorts was possible after overnight switches.

### Liffe noses ahead in race for members

The London International Financial Futures Exchange decision to charge £7,500 for a permit to trade options has laid down a marker for the Stock Exchange. The two exchanges plan to introduce currency options in June and they will be chasing the same members.

Liffe looks as though it has the upper hand. Many of those companies which will want to trade options are already Liffe members. Michael Jenkins, chief executive of Liffe, is hopeful that about 100 of Liffe's 200-plus members will apply for an options permit. The Stock Exchange's traded options committee has a harder task. It still has to persuade the SE Council to allow in the banks and US securities houses that already have a flourishing interbank market in currency options. Given the SE's current turmoil over membership, quick approval of a new class of membership currency options only does not look likely.

Liffe is also further down the road. It has already announced the specifications of its eurodollar and pound/dollar options contracts and should have the clearing and margining arrangements sorted out with the International Commodities Clearing House within the next two weeks.

Liffe has deliberately pitched options entry low - the price of a full Liffe seat is more than £30,000 - to entice professional market makers and individuals. Stockbrokers and jobbers will, of course, be eligible for an options permit. Several are already Liffe members.

## Corfield attacks Press and City over STC rights issue

By Jeremy Warner



Sir Kenneth: share price depression temporary

Sir Kenneth Corfield, chairman of Standard Telephones and Cables, yesterday attacked the City and the Press for failing to give adequate support for his company's £173 million rights issue.

The cash call has been widely criticized for being poorly timed and badly presented and the issue is still in serious danger of being left with the underwriters.

Sir Kenneth told shareholders at an extraordinary general meeting to vote on the proposal: "British industry has long been criticized for being very good at inventing but failing to bring its products to the market. Well, we are taking notice of that and spending money on products that in the past might well have been exploited in Japan."

After the meeting, Sir Kenneth said he thought that there

was a poor understanding in the City and the Press of the quality and nature of ICL, the computer manufacturer acquired by the group for £410 million last summer. "I have not been able to follow some of the apparently unthinking comments made in the media and I regret," he said, "Until the City and the Press recognize the true value of companies like STC to Britain, there can be little hope for the future. We need a spirit of greater appreciation for enterprise in this country."

One shareholder asked whether there was any possibility of recouping the money he had lost on his STC shares which have been as high as 372p within the last year but are now trading below 200p.

Sir Kenneth said he believed the depression in the share price was temporary. The meeting, which unanimously passed the resolution to increase the company's share capital and

authorized the board to allot the rights issue, was also told the ICL acquisition "is in no way responsible for the increased capital needs of STC".

On the stock market yesterday, STC shares closed 4p lower at 196p - only 6p higher than the price at which rights to new shares are being offered. Stockbroking analysts are still in the main cautious about the company's prospects and few have recommended that the rights should be taken up.

Sir Kenneth said the rights issue deserved a better response. "Our results for the last year have been called poor but they were not by any standards," he said.

Shareholders were told the company had doubled its size every five years and would continue to do so.

### Alliance calls for one-year pay freeze

By David Smith Economics Correspondent

The SDP-Liberal Alliance launched its alternative Budget yesterday. It includes a one-year pay freeze, immediate full membership of the European Monetary System and a £4 billion fiscal expansion in 1985-86.

The package would reduce unemployment to 2.7 million by the end of the year, and below 2 million by 1988, the Alliance claimed.

Mr David Steel, the Liberal leader, said that the Alliance proposals were at the centre of the economic debate. "Mrs Thatcher and Mr Lawson are still clinging to the monetarist wreckage," he added.

Dr David Owen, leader of the SDP, said: "It does show very clearly that the Alliance is going to reduce unemployment and reduce it in a credible way."

The Alliance's £4 billion fiscal expansion would be aimed at cutting unemployment and improving industrial competitiveness, rather than tax cuts.

Specific measures include a 1 per cent reduction in employers' national insurance contributions, at a cost of £745 million. In addition, the contribution ceiling would be raised to allow, at no net cost, a two-year national insurance holiday for long-term jobless who got jobs. Public sector capital spending would be increased by £1 billion, with the emphasis on housing and roads.

The Alliance would boost the community programme to 250,000 places, coupled with a new programme for the under-25s. As a method of relieving the poverty trap, recipients of family income supplement would be increased from 200,000 to 1.25 million, at a cost of £475 million. Long-term supplementary benefit would also be raised by £485 million.

The net effect of this £4 billion expansion, says the Alliance, would be to raise the public sector borrowing requirement in 1985-86 from the Chancellor's planned £7 billion to £8.9 billion.

The second element of the Alliance strategy, full EMS membership, would be accompanied by a new two-tier interest rate scheme, to shield industry from the worst effects of interest rate rises.

The central element in the Alliance approach is the incomes strategy, a first-year pay freeze, followed by voluntary pay restraint, backed up by a tax on excessive pay awards, if necessary.

The effects of Alliance policies are to lift inflation to 6.9 per cent by the end of the year, falling back steadily to 5.3 per cent in 1988, on simulations conducted by the London Business School.

A forecast that the Chancellor will find enough money in his Budget to make the tax cuts he dangled in front of taxpayers as a possibility last autumn was made in Birmingham yesterday by Mr Roy Hattersley, Labour spokesman on Treasury and economic affairs.

### Greenwell marriage will break up soon

By Philip Robinson

Greenwell GIC Securities, the international dealership set up eight months ago jointly by W. Greenwell, the stockbroker, and General Mining Union Corporation (Gencor) will cease trading within four weeks. It is the first of the new City links to split completely.

Mr Hugh Smith, Gencor chairman, said from Johannesburg last night: "The ID will cease trading possibly next week, but certainly by the end of March. It doesn't suit either of us to have it any more."

Greenwell, however, will remain the South African mining giant's London stockbroker and Mr Smith stressed that there was no animosity.

The dealership was set up last June with Greenwell owning 51 per cent and Gencor, the investment vehicle of Gencor, 49 per cent. It was an effective market-maker rather than a matcher of buyers and sellers. It started making markets in 19 South African gold shares but at a time when the gold market was flat. In its early months the dealership lost money, but more recently losses had been stemmed and profits had been sufficient to cover costs.

Mr Smith said: "It has not proved the rewarding investment we thought it would. We

didn't have a part to play in running it. That's difficult when you are 6,000 miles away. It has been making losses but I'm not prepared to say how much."

Gencor offered its 49 per cent to the Greenwell partners who passed on the offer to the Midland Bank. It is understood that the Midland Bank has turned it down. Gencor has also offered to buy Greenwell's 51 per cent.

A Midland Bank spokesman was unable to confirm details yesterday and a spokesman for Greenwell was unavailable for comment.

Mr Smith added: "I'm not sure how the shareholding is being sorted out. That's between Greenwell and Gencor. All I know is that the ID will end."

Last month Midland Bank scotched suggestions that its links with Greenwell through Samuel Montagu, the merchant bank, were in disarray. Midland said that agreement had been reached in principle for Samuel Montagu to increase its 29.9 per cent of Greenwell to 100 per cent. The agreement had, said Midland, the full support of Montagu's two major shareholders, Midland with 60 per cent, and Actna Life and Casualty.

### ICI raises £148m with a placing

By Jonathan Davis

Fresh from its success in breaking through the billion-pound profits barrier for the first time, ICI came to the stock market yesterday to raise £148 million by way of a placing of new shares with City institutions.

The placing, one of the largest of its kind, is linked to ICI's recent big chemicals acquisition in the United States, the purchase of the Beatrice group's specialty chemical assets at a cost of \$750 million (£700 million).

The Beatrice deal was formally signed and completed late on Thursday evening, just hours after ICI's announcement of its record 1984 figures. The proceeds of yesterday's market operation will go towards the cost of the deal.

The placing got under way at the start of trading yesterday. Four stockbroking firms led by Hoare Govett placed a total of 18 million new ICI shares at a price of 82½p each, a discount of some 20p to 25p to the official opening price. The whole operation took slightly over an hour to complete, according to ICI, and was completed with little difficulty.

Tempus, page 15

### IN BRIEF

#### Jaguar chief steps down

Jaguar said yesterday that Mr Hamish Orr-Ewing, the chairman, is "stepping down". The move, which caused some surprise in the City, comes less than eight months after Jaguar was floated on the stock market as part of the Government's privatization programme.

Mr Orr-Ewing is staying on as a non-executive director, while Mr John Egan, the chief executive, is taking over the job of chairman as well. Two other Jaguar executives, Mr Kenneth Edwards and Mr Michael Beasley are joining the board. Jaguar said there had been no personal clashes behind Mr Orr-Ewing's move.

#### £216m contract for Plessey

Plessey Military Communications has won the contract for a further phase of a project to supply the Australian Defence Force with communications equipment which could eventually be worth about £216 million. Yesterday's announcement, covering the second phase of the Raven project, provides for the development of elements of the Raven communications system.

#### Ford-Fiat talks

Fiat, Italy's biggest private company, is considering a link with Ford of the United States. A Fiat official in Turin said yesterday that the companies were trying to identify points of industrial collaboration. This could be anything from the joint manufacture of components to that of whole cars.

Mann & Co, one of the country's largest estate agents, is coming to the stock market with a price tag of at least £25 million. Tempus, page 15.

#### Pauls bid date

Harrisons & Crossfield has calculated that earnings per share from Pauls, for which it is bidding £106 million, will fall from 27.5p to 24p this year. This is based on Pauls' own profit forecast of £11.5 million and H & C's estimate of a 35 per cent tax charge. The first closing date is on Tuesday. Tempus, page 15.

#### Russia retreats

The Soviet Union is to close its Zurich merchant bank, Wozchod Handelsbank, after unconfirmed losses of between \$140 million and \$350 million.

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LESS TAX, OR  
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### US agency accuses Hunt brothers

The US Commodities Futures Trading Commission, after a four-year investigation, has formally charged the Hunt brothers of Texas with illegal manipulation of the silver market in 1979 and 1980 when prices surged and the markets subsequently crashed, Bailey Morris reports from Washington.

It was the first formal action

by the 11-year-old agency against Mr Nelson Bunker Hunt, Mr William Herbert Hunt and seven other individuals and companies allegedly involved in the price manipulation scheme. The complaint also named International Metals Investment Co., a Hamilton, Bermuda, company formed by the Hunts and Saudi Arabian investors.

Earlier, it was disclosed in tax court documents that the US internal revenue service is seeking \$238 million in back taxes plus interest from the Hunts resulting from a dispute arising from the 1980 silver crash.

The Hunt brothers, through an attorney, issued a statement asserting their innocence.

### MARKET SUMMARY

STOCK MARKETS	MAIN PRICE CHANGES	CURRENCIES
FT Ind Ord ..... 975.0 (-4.9)	RISES:	London:
FT A All Share ..... 605.82 (-2.31)	Waring & Galloway ..... 140 +22	£: \$1.0715 (-0.0112)
FT Govt Securities ..... 80.17 (-0.39)	Intervideo Video ..... 8 +1	£: DM 3.6020 (-0.0110)
FT SE 100 ..... 1250.8 (-8.9)	Metal Sciences ..... 16 +2	£: DM 3.0810 (-0.0015)
Dataseam USM ..... 108.88 (-0.14)	Unigroup ..... 25½ +3½	£: FF 11.01 (-0.0350)
New York	Newman Ind. .... 27 +3	£: Yen 279.90 (-0.70)
Dow Jones ..... 1295.71 (+11.71)	James Fisher ..... 113 +12	£ Index: 70.8 (-0.5)
Tokyo	Harold Ingram ..... 100 +10	New York:
Nikkei Dow ..... 12,412.14 (-90.22)	Hunterprint ..... 223 +22	£: \$1.0730
Hong Kong	Appd. Holographic ..... 255 +25	£: DM 3.3475
Hang Seng ..... 1401.15 (+25.90)	Pressec Holdings ..... 110 +11	\$ Index: 154.3 (+0.9)
Amsterdam ..... 200.8 (+2.0)	Brit. Sydon ..... 133 +13	ECU 0.018316
Sydney: AO ..... 790.3 (+2.0)	Morris Fine Art ..... 24½ +2½	SDR 0.880203
Frankfurt	Resource Tech. .... 37 +3	
Commerzbank ..... 1198.4 (+22.6)	T. Cowie ..... 50 +4	
Brussels:	Star Comp. .... 38 +3	
General ..... 252.79 (+10.19)	Spring Ram ..... 195 +14	
Paris: CAC ..... 203.0 (+1.5)		
Zurich:		
SKA General ..... 336.40 (unchanged)		
GOLD	FALLS:	
London fixing:	Nova (Jersey) Knt ..... 17 -4	
am \$288.10 -pm \$287.25	Air Cell ..... 320 -50	
close \$287 -287.50	D. J. Scay Alarm ..... 23 -8	
(2867.75 -286.25)	Raine Ind. .... 110 +11	
New York: \$288.10	Front J. & D. .... 58 -6	
Comex (futures)	TDS Circuits ..... 445 -40	
	Radio City ..... 35 -3	
	Amstrad ..... 72 -8	







## STOCK MARKET REPORT

## 5m Ferranti shares change hands

By Pam Spooner and Cliff Feltham

Stock market traders complained of lack of business in the Thimble Street yesterday, and leading share prices certainly showed an air of neglect. The FT 30 index lost 4.9 points to 975.0 and the FT-SE 100 share index was 8.9 points lower at 1250.8.

But not all the dealers were short of commissions. A line of more than 5 million Ferranti shares went through the market at a price of 145p.

The quoted price of the electronics group immediately dropped 10p to 146p, and settled there for the rest of the day. The group has suffered alongside the rest of its sector in recent weeks, hurt by gloom about growth prospects.

Despite reports of orders up by 25 per cent alongside good profits news last December, Ferranti shares have lost about 30p so far this year.

Bid speculation continued to drive up Oxford Instruments 15p ahead on the day at 278p to take its gain on the week to 37p. Both Ferranti and Fisons have been linked but Oxford's joint brokers Henderson Crosthwaite stamped firmly on the rumours.

Mr Nick Measham insisted:

"There is no logic in the bid talk." He believes the company is now getting a more sensible rating having suffered from the fall-out in the electrical sector.

He is now bringing out a "buy" circular stressing that Oxford is under-valued and looking to profits for this year of

City changes are likely to increase pressure on the merchant banks to disclose their secret board of cash known as hidden reserves. The word is that Kleinwort Benson might lift the veil a little when it produces figures on Tuesday week. For the calendar year, which ended last December, expectation is for attributable profits, after a transfer to reserves, of between £27 million and £29 million, against £25 million last time. The shares closed 5p easier last night at 460p.

£8 million compared with £6.1 million.

However, this may not entirely satisfy some of Oxford's closest followers who sense some keen American interest in the situation, particularly involving General Electric group, which is one of Oxford's most important customers.

As Reckitt & Colman yesterday got formal approval at the EGM for its acquisition of Airwick Group, City analysts were still numbing over the worth of the new purchase. At Fielding, Newson-Smith, the view is an optimistic one.

Findlay Jenkins said: "Airwick's earlier parents charged enormous overheads and did not keep tight cost controls. Although there will be closure costs at Airwick in the current year, we don't see much dilution of earnings. We expect profits of around £135 million in 1985 for the enlarged group".

That compares with £88.8 million in 1983 and a probable £105 million or more last year.

Vickers share price rose 5p to 248p, reacting to the finalization of its deal with Honda, the Japanese car manufacturer, which has exercised its option to buy 330 acres at Vickers' South Marston airfield site near Swindon, Wiltshire.

The engineering group looks set to make £4 million from the deal and could raise more when it sells the rest of the site at an enhanced price.

The company denies market rumours that it has sold its London headquarters at Milbank or its interest in a valuable office scheme at Weybridge, Surrey, although both are up for sale.

Share prices among the clearing banks had that "cashed-in" look as investors began to worry about next week's dividend announcements.

There was also concern about prospects of more rights issues from the banks, and the top four stocks slithered lower. Barclays lost 15p to 597p, Lloyds eased 13p to 539p, Midland slipped 5p to 539p and National Westminster fell 17p to 637p.

Royal Bank of Scotland Group was unchanged at 240p after the surprise news that Lloyds Bank which owns 21.3 per cent of its shares has

decided to take up its rights to RBS's £115 million cash call.

Last June Lloyds gave an undertaking to the Government to reduce its stake to 16.4 per cent within an unspecified time and by not taking up the rights.

Lloyds would virtually have fulfilled the commitment. A spokesman said the bank felt under no immediate pressure to reduce the stake and that Lloyds stood by its undertaking to dispose of the shares "within a reasonable period of time".

As suggested a week ago in this column, Buzl has disposed of its approximately 4.6 per cent stake in Brammer. The shares were dribbled into the market in the course of several days, during which the Brammer share price has drifted in the 310p to 320p range.

Yesterday Brammer fell 11p to 316p. Market men are beginning to get the message that a bid for Brammer is unlikely.

Goldsmith Group, the jewellery-to-bookmaking business in the north-east, stumbled 5p lower to 198p yesterday as James Capel, the stockbroker, confirmed City fears that the group will not show profits as big as was hoped. The broker, which acts for Goldsmiths, has brought its forecast for the year to February down from £1.75 million to £1.5 million. Bad weather late in the year hurt the bookies' business. Last year, Goldsmiths made £430,000.

Meanwhile, Buzl shares rose 15p to 438p as the market realised the paper group has made a net profit of about £1.5 million on sales of the Brammer stake, and that Buzl shares have slipped recently from their usually high ratings.

Market buying attention also switched to DRG, another suggested bid target for Buzl, which will indeed go for the makers of Basilidon Bond.

But City analysts remain

convinced that Buzl looks to North America for buying opportunities, and the serious money appeared to be discounting an offer for DRG.

Burnett & Hallamshire Holdings held steady at 70p which the company at around £27 million. Group debt is now put at £100 million although this may not include guarantees given on loans associated with its Californian properties. Suggestions are now that some capital reconstruction will include new equity offered at 40p a share. No formal statement is expected for a fortnight.

On the stores pitches, Stylo shares slipped back 7p to 198p as excitement evaporated about the change of ownership of an 18.4 per cent stake in the shoe retailer. The Kuwait Investment Office sold the shares to Mr Arnold Ziff and associates earlier in the week at a price of 201p.

Ratners, the jewellers, rose 3p to 62p, a new peak for the share price. Enthusiasm for the company's deal with Prestwich Holdings stays high.

Ratners has sold its in-store optical division to Prestwich in a £453,018 package, and will continue to benefit from growth of the business. The two companies intend to spread optical sales throughout Ratners' shops to create a major force nationally in the eyewear market.

Waring & Gifford, the furnishing group, was at the centre of a flurry of stockmarket activity. Market men heard tell of an 8 per cent stake changing hands at a price of 180p, and Waring shares shot from 117p to 148p.

But denials of the story quickly emerged. Mr Nick Reynolds, finance director of Waring, said: "We are not aware of any cash business being done". Great Universal Stores, which has a 30.8 per cent holding in Waring, also denied any change in its stake.

Mr Manny Cussins, chairman of Waring, and his family are holders of about 30 per cent, and Mr Cussins is currently away on holiday and unavailable for comment. Throughout last year a bidder stalked the company, but appeared to retreat. Yesterday, the share price also showed some indecision, slipping back to 133p at one point before closing at 140p.

## ICI shows fancy footwork in funding Beatrice buy

ICI followed up its heavy-weight profits performance of Thursday, when it beat its £1 billion profits target, with a neat piece of footwork over the capital requirements of the £750 million (£700 million) Beatrice Chemicals buy. After deftly allowing Fisons to steal the show with its £94 million rights issue, ICI then side-stepped rumours that it was planning a similar fund raising route, by opting for the cheaper, quicker device of yesterday's £150 million vendor placing.

Normally, as ICI points out, any decent rights issue worthy of the name would be at least 1-for-10, which in the case of this company, would have absorbed just under half a billion pounds from Britain's capital market - far more than ICI needed.

But the numbers in the vendor placing fit in far more neatly with the structure of the Beatrice acquisition. Very roughly, some £600 million of the Beatrice cost was goodwill, with the small asset base worth about £150 million. The vendor placing proceeds net off against assets acquired, leaving goodwill to be satisfied by local borrowings. Assuming the goodwill is amortized immediately, then future income streams benefit markedly from Beatrice's cash flows.

Working the figures round another way, ICI ended 1984 with net debt of under £1 billion, which yields a net gearing ratio against shareholders' funds (£4.3 billion) of 21 per cent. Debt rises to £1.5 billion after the Beatrice deal, while equity perhaps remains broadly static at end 1985 £4.6 billion, after adding back the vendor placing, and adjusting for cash flow benefits and the goodwill written off.

Hence the debt/equity ratio rises at most to around 33 per cent, which is certainly not demanding for a group with ICI's potential. More buys in the pipeline? ICI was careful last night to play down the possibility of chunky buys in the £0.5 billion range. But selective acquisitions cannot be ruled out, even though Beatrice, with its high technology exposure to advanced com-

posite materials work, perhaps takes ICI as far as it wants to go in one direction.

Underpinning the share price at 845p are the enhanced cash flow prospects for the next two years. ICI-watchers, like Mr Howard Coates of De Zoete & Bevan, are convinced that rising above the £1 billion profits level was no fluke. An earnings plateau of 100p a share annually until 1987 looks feasible, leaving the target p/c of 8½: looking far too under-demanding. According to the Coates line, the shares look cheap up to £10.

## Mann &amp; Co

For Sale: One firm of estate agents, good locations throughout the south-east, sound young management, good profit record and plenty of scope for growth, gazzumping from prospective buyers to be encouraged at prices in excess of 125p a share.

As predicted in *The Times* early last month, Mann & Co, one of the largest estate agents in the United Kingdom heavily represented in prime residential areas of the Home Counties, has formally put up the "For Sale" signs.

Through its "sole agents", Morgan Grenfell the merchant bank, Mann is selling 6.6 million shares, 33 per cent of the business, at a minimum tender price of 125p to give the company a price tag of £25 million.

Prospective buyers should not be in short supply. Profits before tax last year were £2 million on turnover of £8.4 million.

Mann is raising £3 million from the issue which will be used to expand its chain of 120 offices which have a number of missing links in the long-term ambition to ring the rich suburban areas of London. A feature of the set-up is the chain of 38 offices run on a 50-50 partnership basis with staff which contributed £185,000 last year. Mann could use some of the cash raised to buy out some of these partnerships.

From virtually nothing two years ago, Mann now earns £438,000 from offering insurance and financial services

Inevitably, comparisons will be made with Baisiow Eves which came to the market in June 1982 and Connells, the other south-east group which arrived last March in an issue 61 times over-subscribed. Given the small amount of stock on offer and the generally buoyant conditions in the housing market, applications around the 140p mark look most likely to succeed. List open on March 7 and dealings are due to end on March 13.

## Pauls

Tuesday sees the first closing date for Harrison & Crossfield's £106 million bid for Pauls. With this in mind, H & C has taken the opportunity to remind Pauls' shareholders that not only has there been a faltering in profits growth in recent years but also a reduction in earnings.

By applying a not unreasonable 35 per cent tax charge to Pauls' forecast profits for 1985 of £11.5 million, H & C has established that earnings per share will be 24p, down from 27.5p in 1984.

There is ostensibly little wrong with this calculation. However, it misses the point that as far as this bid is concerned H & C is not acquiring historical profits but the potential for substantial improvement in the future.

This potential is not lost on David Hallam of Montagu Loebel Stanley, the stockbroker, who believes that H & C will need to improve its offer to back H & C's decision to make this bid.

It is this solid base, linked with the future growth prospects, which have encouraged his colleague Robert Carpenter to back H & C's decision to make this bid.

One of H & C's reasons for making the bid is that it has the financial resources to accelerate Pauls' progress. In the final analysis it might have to call on some of these to improve the offer. The present cash alternative of 320p is set against a Pauls price of 335p yesterday.

A price of 380p might secure control and would also deter any white knight.

## Goldsmith may join Phillips bid battle

Sir James Goldsmith is reportedly considering a proposal to join Mr Carl C. Icahn in the longly contested battle to take over Phillips Petroleum Co., Wall Street sources confirmed yesterday, writes Bailey Morris from Washington.

Mr Icahn, a New York financier who already owns 5 per cent of Phillips stock, has been attempting to gain majority control of the Oklahoma-based energy company which has

galvanized congressional supporters and a battery of lawyers to fight the takeover.

A spokesman for Mr Icahn confirmed yesterday that Sir James had been approached and is considering a proposal to invest as much as \$400 million in a company being formed by Mr Icahn to buy Phillips Petroleum.

Last week, the Belberg brothers of Canada agreed to invest \$300 million in the

takeover deal as part of a decision by Mr Icahn to seek foreign investors for the project.

The *New York Times* said yesterday that if Sir James agrees to invest as much as \$400 million, Mr Icahn would have commitments for nearly \$2 billion but would have to raise an additional \$2.5 billion with the help of Drexel Burnham Lambert, a big New York investment banking house.

## RECENT ISSUES

Company	Offering	Price
Bentley & Fountaine 10p Ord (10u)	13 1/2	13 1/2
Bushnell Toys 10p Ord (50u)	141	141
Candover Int 25p Ord (100)	183	183
Cans Term Inv 20p Ord (100u)	96	96
GB Capital Corp Shares NPV	118	118
Headdown Holdings 10p Ord (50u)	185-3	185-3
Kingsley & Forster 50p Ord (50u)	51-2	51-2
Memom Int 10p Ord (u)	255-5	255-5
Optometrics (U.S.A.) 1c par value (50p)	45	45

## GOOD RELATIONS GROUP

reports pretax profits of £1.34 million, an increase of 53 per cent. In addition, there was an extraordinary net profit of £215,000. Earnings per share rose by 80 per cent to 9.9p. The board is recommending a final dividend of 3.3p, making a total for 1984 of 4.9p per share, an increase of 75 per cent.

● HANIMEX CORP: Half-year to Dec 31. No interim (nil). (Figs in £'000). Group sales, £8,043 (92,835). Pretax profit 3,606 - about £2.4 million (3,002). Tax 1,214 (1,408).

● BRITISH ASSETS TRUST: First quarterly dividend of 1.7p per share (1.3p). This indicates a rate for the year to Sept 30 next of not less than 6.8p per share, compared with 6.8p paid for 1983-84 which excludes the special dividend of 1.5p.

● WIT NIGEL: Three months to Dec 31. Figs in £'000. Revenue 6,369 (5,385). Pretax loss 1,284 (487 profit).

● ARGYLE TRUST: Figs in £'000. Income 3,175 (2,097) for 1984. Profit before tax 320 (loss 446). Tax credit 78 (credit 254). EPS 1.87p (loss 0.93p).

## JAYPLANT: Dividend 1.32p

(nil) for year to May 31. (Figs in £'000). Turnover 1,608 (1,308). Pretax profit 39 (44). EPS 1.32p (1.52p).

● H. YOUNG HOLDINGS: A conditional agreement has been made to purchase 88 per cent of the issued share capital of Luc Lacerte CFI for an initial consideration of £684,444. Further consideration of £185,565 will be paid, depending on profits and additional consideration, totalling a maximum of £1,200,000, will be paid, also depending on profits.

● COURTNEY POPE HOLDINGS: Six months to Nov 30. Interim 3p (3p). (Figs in £'000). Turnover 22,049 (17,950). Pretax profit 800 (580). Tax 130 (nil). EPS 13.18p (11.39p). The boards says that the activity in the retail sector has helped the company to produce excellent first-half results. The order books are satisfactory and the group is hoping for an improved result.

● BRITISH CAR AUCTIONS GROUP: The purchase of 120,000 shares of common stock of Sandgate Corp by Auto Auctions, a wholly owned US subsidiary of BCA, from Mr Harold Oshty and his family has been completed. The total consideration of \$3.6 million was paid in cash. BCA Group now indirectly owns 320,000 shares of Sandgate common stock - about one third of the issued capital of Sandgate. BCA believes that Sandgate's vehicle-leasing business will continue to grow.

● BTR: The board of BTR Holdings, a BTR offshoot, has been advised that the US Federal Treasurer has approved the application to acquire Nylex Group for a total consideration of \$60 million (£25 million), plus the assumption of \$30 million loan. Part of the consideration will be financed by an issue of 12.45 million 50 cents ordinary shares to raise about \$34.9 million.

● CHARLES SHARPE AND CO: Half-year to Dec 31. Turnover £5.41 million (£5,847 million). The company has instituted a policy of concentration on high margin turnover at the expense of volume to help to protect it from trade fluctuations. If the spring weather encourages demand, the board expects results similar to those of 1983-84.

● DEREK CROUCH: Year 1984. Final 3.762p, making 5.392p (5.05p). (Figs in £'000). Turnover 65,462 (61,181). Pretax profit 1,759 (1,686).

● NATIONWIDE LEISURE: Dividend 0.5p (0.35p) for year to Oct 31. (Figs in £'000). Turnover 16,856 (3,602). Pretax profit 343 (401). Tax 160 (199). EPS 2.4p (0.6p).

● LOTAAS-LARSEN SHIP. PING: Results for 1984. Figures in US\$'000. Revenue 171,856 (about £161 million), against 152,707. Profit before tax and foreign exchange 23,429 (4,505). No tax (nil). Exchange losses 1,307 (1,103). Net profit 22,122 (3,402). EPS 2.03 (0.31).

● GORING KERR: At the annual meeting, the chairman Mr J. H. M. Mackenzie, said he was confident that the year as a whole would show a material increase over last year's results, which were themselves a record.

● RAMAR TEXTILE: 27 weeks to Nov 30. Figs in £'000. Turnover 10,445 (9,075). Pretax profit 388 (348). Tax nil (nil). The board states that, as forecast increases in turnover and profitability of 15.1 per cent and 11.5 per cent respectively were made. The industry is facing a difficult phase, but the board feels that Ramar is equipped to deal with these problems. With regards to the second half, it predicts increased

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and a further copy to my professional adviser:

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T14



## FAMILY MONEY edited by Lorna Bourke

## Bank network

The last two of Yorkshire Bank's 223 branches not already on the bank's counter terminal system were connected up last Tuesday. The terminals are counter-top minicomputers linked to the bank's central computer in Leeds. Cashiers enter the details of the customers' transactions into their machines for immediate transmission to the central computer. The terminals can also call up details of a customer's account on the spot and immediately. Yorkshire Bank says the machines have enabled it to extend its branch opening hours by 45 minutes each day.

## Interest switch

For some years the London-based Mornington Building Society, has paid interest from the moment money was paid into a bank. From yesterday it has discontinued the practice. Interest will now run from the date the funds are received into the society's bank account. The move has been "prompted by sharp increases in bank charges for money transmission services," according to the manager, Mr B J Tindale. Further details from Mornington Building Society, 158 Kentish Town Road, London, NW5 2BT.

## Business advice

As part of Lewisham Council's drive to create jobs, a Business Advice Shop has been opened in the High Street, under the supervision of Mr Steve Angove, a professional business adviser.

The shop's staff aim at helping with the red tape faced by existing and would-be business people, as well as provide finance for their enterprise. More than 350 inquiries have been made to the Business Advice Service based at the shop and town hall chambers headquarters of the planning department in Rushy Green, Catford. Three quarters of the inquiries have been from existing businesses which the remainder have been businesses wanting to expand or consolidate.

Last year, the council helped 25 firms, creating 350 jobs. Mr Dave Barker, a councillor, said: "With 18,000 people out

of work in Lewisham, and many of its companies struggling to survive, the local economy needs a shot in the arm."

## 2% extra offer

When building society rates eventually come down, there is always the fear that the high differentials offered on extra interest accounts will be cut. National & Provincial Building Society has introduced a three-year term share which guarantees to pay 2 per cent above the ordinary share rate.

Apex Shares offer a monthly income facility and instant access and the account pays 9.5 per cent, net of basic rate tax. To obtain monthly income one has to be prepared to invest a minimum of £1,000. Details are available from National & Provincial branches.

## Linked mortgage

Canada Life, in conjunction with Canadian Imperial Bank of Commerce, has arranged a mortgage facility linked to several of its insurance and pension schemes. Currently charging 13.75 per cent, the arrangement offers minimum advances of £25,000 for periods of up to 30 years. On first mortgages, loans up to 95 per cent of the property valuation are available. Packages linked to the scheme include Canada Life's Wealthmaker, Adaptable Life Plan, Homemaker, and Self-employed and Executive Pension plans.



## Society rates critic

BUILDING SOCIETY rates are much higher than need be, according to Mr John Parker, chairman of the Tipton & Cosely Building Society. "Many societies saw the ending of the cartel as an excuse to increase their share of the market", he says. "The competition so generated had

the effect of pushing investors' and borrowers' rates to higher levels than would otherwise have been needed."

## Savings extension

We quoted the wrong figure for the general extension terms of National Savings Certificates, which have matured, in last week's Family Money. The correct rate of interest paid on these certificates is 9.0 per cent a year, tax free.

## Managers monitored

Are unit trust portfolio managers worth their fees? Richard Longstaff, the investment adviser, has achieved a gain over 170 per cent with a capital growth portfolio monitored by *Planned Savings* magazine; at the other end of the scale, Towerhill Securities managed only 40 per cent profit.

More significantly, only two of the eleven managers monitored produced a better result than the FT-All Share Index. *Planned Savings* has also researched switching activity over three years, and its conclusions are not very encouraging: five managers produced poorer results on their portfolios by switching rather than leaving them alone. Moreover, the final portfolio results make no allowance for service costs charged by many firms.

Further information from *Planned Savings*, UTP House, 33/35 Bowling Green Lane, London EC1R 0DA (Tel: 01-837 1212).

## Licence gamble

Does your television licence expire soon? If you do not know, it is worth finding out because the Government is expected to announce a big increase in the colour licence fee and it could pay to take a gamble, and renew early.

A new rate of £58 compared with the present £46 is expected to be announced on March 31. If your licence is due to be renewed in April, it will pay to go to the post office next month and save a potential £13. You will have wasted one month of the existing licence (worth £3.75) but you will have saved £13 - a net gain of £9.25.

If your licence is due for renewal in May it is more debatable - you will be wasting £7.50 to save a potential £13 - a net gain of £5.50. But the benefit could be less if the Government decides not to increase the licence fee by the full £13. However, the increase could be more than £13, so you have to weigh up the chances.

## Covering costs

Legal expenses insurance could transform attitudes to litigation, says Stanford and Wood, the insurance brokers. Less than £21 a week could provide cover against costs arising from the defence or pursuit of legal action in most situations, enabling policyholders to take action without fear of costs.

## PENSIONS

## Index-linked plan from Nationwide

Nationwide Building Society has launched an index-linked pension plan backed by its index-linked mortgages.

The Abbey Life Pensionsave plan, run in conjunction with Nationwide, is closely modelled on Abbey Life's recently devised Indexed Personal Retirement Plan. It is not the only index-linked pension on the market, but it is the only one marketed through a building society.

Regular monthly, annual and windfall payments go into a fund which invests in Nationwide index-linked mortgages, and is therefore boosted by the rise in the Retail Prices Index every year. On top of this, bonus of 3.5 per cent is added to the pension pot. This boost, unlike the RPI uprating, is not guaranteed but should hold good.

There is also the option of index-linking at the other end when the pension is taken. Policyholders can take either an index-linked pension or a flat rate one starting at a higher level.

Pensionsave is only open to those who are self-employed or whose job does not carry a pension.

An index-linked pension is an extremely cautious and conservative way of planning a pension and nobody would recommend putting all pension savings in an index-linked plan.

But it could be part of a mixed portfolio of plans.

The minimum investment is £25 a month or £250 a year for index-linked contributions and £30 a month of £300 a year for fixed contributions, or a single payment of £2,500 with additional lump sum payments into the scheme of at least £100.

Contributions are limited to 17.5 per cent of "net relevant earnings" (for anyone born since 1934) if they are to qualify for full tax relief.

The routine index-linked pensions plans, such as that of Target Life, promise a return in line with index-linked gilts which currently yield a "real" 3.25 per cent.

Anyone looking at index-linked gilts with a view to saving for retirement should consider investing through a pension fund to reap the tax advantages. Doing it this way, all contributions get income tax relief at your highest rate paid.

Vivien Goldsmith

## Expatriates to pay

Rent collection services supplied to overseas residents in respect of property in Britain will be liable to VAT at the standard rate from July 1, even when supplied separately from other property management services.

In the past, rent collection services, if supplied separately from other property management services, have been zero rated.

However, in the light of a recent VAT Tribunal case, the Commissioners have decided that this treatment is incorrect and cannot be maintained. Rent collection services supplied to British residents have always been standard rated.

## Stockbroker wins two unit trust prizes

Grieverson Grant's Barrington Unit Trusts have won awards in two of the three categories in *What Investment* magazine's Unit Trust Awards for 1984.

The stockbroker won second place in the award for management group of the year, which considers performance over five years and second place in the specialist fund management group of the year, which is assessed over 12 months.

Commenting on why Grieverson Grant's Barrington Unit Trusts performed well, Mr Graham Mann, head of Grieverson Grant's private client department said: "First, we link great experience in fund management with sheer size. We manage some £5,000 million of private client and institutional funds of which our unit trusts represent only £250 million. Whilst our unit trusts are a very

small proportion of total funds under management, they are the most readily identifiable shop window of Grieverson Grant's investment performance.

Second, as a stockbroker firm bit in all international markets, we have made a considerable investment in research resources in all major markets. We cover the whole investment field."

## PROPERTY MARKET

## Shortage of houses for sale helps push prices higher

The winter is always a quiet time for buying and selling houses with such natural phenomena as freezing fog, blizzards and icy roads, a deterrent to all but the intrepid determined to snap up a winter bargain. But this winter an unnatural phenomenon in the shape of a nasty hike in interest rates hit the unfortunate home owner trying to sell his house.

At this stage in the year it is hard to tell whether the rise in mortgage costs has had any real impact on house prices. Signs are around in the market that an element of uncertainty has crept in to what is normally a quiet time of year anyway. But this appears to be only a temporary setback in the rise in prices seen in many parts of the country.

People still believe that their house will continue to increase in value during the year and building societies, flush with cash, do not seem to be having any problem shifting their money.

Indeed the latest report on house prices, by the Royal Institution of Chartered Surveyors (RICS), for the three months ending on January 31, shows that a shortage of houses on the market allied with increased demand is pushing prices up in some favoured areas. Mr John Thomas, the housing spokesman of RICS, commented that the shortages were caused by people delaying sales in the hope of a more buoyant market in the spring. The upper end of the market has benefited most from this factor. Of the 269 estate agents in England and Wales surveyed by the RICS, nearly two-fifths said that prices had increased by up to 2 per cent in the quarter with a half reporting no change.

Second homes and country cottages, those dream fulfilling purchases, are in short supply



Homes for sale - but still the prices are rising

according to the RICS survey, with the results that prices of 5 to 10 per cent above sellers' expectations are being achieved. But as always with property, it is dangerous to generalize. Britain is still a divided country as far as house prices are concerned. The latest information from the Halifax Building Society, for the year to January 1985 reveals that prices rose on average by 9.4 per cent across the country. However, the largest increase, 14.1 per cent, seen by the Greater London area can be contrasted with a mere 5.1 per cent in the North-west, the lowest figure for the whole country.

In the South-east there was a 11.1 per cent increase by the end of last year compared with the same period in 1983, with the East Midlands up by 8.2 per cent, Wales only up 5.3 per cent and Scotland up by 8.5 per cent. The Halifax says that over the last two months there has been less demand for new mortgages and more applications for home improvement loans, an indication that people are staying put rather than buying another property. And

the evidence also shows that there is more demand for existing property than for new. The Nationwide Building Society's figures for January this year show a small rise in prices overall at 1 per cent but it predicts that the first quarter of this year will put just over 3 per cent on the value of homes.

The branch manager of the Piccadilly branch of the Nationwide Building Society in Manchester, Mr Michael Huntley says that there is slight lack of confidence in the housing market locally but that it should not be exaggerated. People are worried over the prospect of another rise in interest rates or at least the uncertainty associated with the economic situation. But he says local agents are amazed by the continuing busy market. The Greater Manchester area saw a 14 per cent rise in prices overall but there were distinct variations between the comfortable suburbs and the inner city of Manchester itself.

A modernized terraced house in the city centre will sell for £13,000. That can be compared with a semi-detached home in

Stockport, Cheshire, which fetches around £28,000. Mr Huntley is optimistic about the market, arguing that now is a good time to buy.

Confidence about the future is very important in determining how house prices move. The most important factor being that is confidence about job prospects, a report from the Henley Centre for Forecasting shows that real personal disposable income is the key to a rise in house prices.

All this suggests that those in employment, who are becoming relatively better off, will be responsible for house price rises as more real disposable income comes their way. If the rise in interest rates abates and uncertainty leaves the market, income will be the key to those values. Watch out for those parts of the country where firms are expanding. The pressure for homes could lead to another hefty rise in the cost of a house.

Judith Huntley

Vivien Goldsmith

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The subscription list will close when the offer is fully subscribed but in any event not later than 5.00 p.m. on 14 March 1985 (unless extended prior to that date). Applications will be considered strictly in the order in which they are received.

Copies of the Prospectus with application forms attached, on which basis only applications for shares will be accepted, are available from:

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## FAMILY MONEY

## MOTOR INSURANCE

# Tourists still face inadequate cover on American car hire

A reader of *The Times* asks what should he do about obtaining adequate car hire insurance for his holiday in the United States?

Like many other readers, he knows that the motor insurance offered British visitors who hire cars in the US is inadequate by our standards. And that finding proper cover can be difficult.

The problem arises because there is no such thing as unlimited third-party liability in US motor insurance laws. The minimum cover demanded of a motorist may be as low as \$25,000, even less in some states.

This means that if you cause an accident you can be sued for your personal assets if the court awards damages above your third-party liability. And if you are injured by a driver with minimal insurance you will be unlikely to receive proper compensation.

The problem does not arise in Britain where all drivers carry unlimited third-party cover by law. And there is a compensation fund to pay out to victims of those driving illegally without insurance.

No wonder that following our exposure of this appalling loophole (discovered when a British Airways pilot on holiday in Florida lost his wife and three children in a hired car accident) the US Embassy in London now tells potential tourists in its visa literature of the risks they may run.

But to answer our reader's query, it is still very difficult for the holidaymaker to obtain adequate protection. Taking a selection of the brochures produced by the leading US fly-drive holiday groups, it comes clear that with one or two exceptions no one is very interested in telling the holiday-

In November, 1983, *Family Money* highlighted the case of Mr Alan Atkinson, the British Airways pilot whose wife and children were killed in a motoring accident in the United States. A little known deficiency in the US motor insurance requirements meant that Mr Atkinson was unable to obtain any compensation. Maggie Drummond reveals that even today, although insurance cover is now available to holidaymakers who drive in the United States, the situation is less than satisfactory.



Alan Atkinson: unable to claim compensation for the tragic loss of his wife and children

maker about this particular risk even though the main package tour operators are now able to offer a good and not particularly expensive insurance.

The British Airways North America fly-drive brochure states, under its car rental information: "Full car insurance is included with every rental."

You can get adequate car hire insurance with BA but you have to ask them about it.

Only Cosmos and Jetsave draw people's attention to the

problem and stress that you should take the additional insurance.

So anyone taking a fly-drive package to the United States should ask if the company offers additional motorist's protection. This costs £35 a car (not per person) for 14 days. It gives you a third party liability cover of up to \$1 million plus protection if you are injured by an uninsured driver.

It is worth pointing out that you cannot buy this insurance in the United States.

It is also worth pointing out that only the top dozen or so fly-drive companies offer this insurance. Smaller operators cannot.

The individual holidaymaker cannot buy this insurance at all and he is often the person at greatest risk. The package tour companies tend to tie in with big US car hire groups like Hertz, Avis and Budget, the insurance of which is higher than the legal minimum - \$100,000 is standard.

But the kind of local companies with which the independent traveller may do business, will probably offer insurance at the US minimum level which could be cover of as little as \$25,000. And there is very little, unfortunately, that the individual who is not going on a fly-drive package but on his own can do to get proper insurance.

The Association of British Travel Agents now has a top-up policy for car hire tourists in the US called Top Sure, but it is frankly less than ideal. You get third party liability cover of up to \$1 million or 2 million - but since it is "top up" policy your initial car rental insurance must be \$100,000 to start with.

As we have said, many local companies offer less insurance than that, which invalidates the Top Sure policy.

And there is no uninsured motorists protection only personal accident cover, which you can increase through an ordinary holiday insurance covers for death, maiming or disablement, but not for other injuries (scarring for instance).

Top Sure is however better than nothing though it seems extraordinary that the holiday industry has failed to come up with a real solution to this important insurance problem.

## EEC CUSTOMS

## Take action to avoid double VAT

Few things are more appealing than a long weekend in Paris at springtime. Besides the food and wine there are of course the shops and it is easy to be tempted into buying some of those fashionable but expensive clothes for which the French are renowned.

Some of the edge, however, can be taken off your purchase when you return home and find a customs officer demanding a payment for VAT at 15 per cent.

Excluding drinks and tobacco allowances you are allowed to bring in other goods purchased in the EEC up to a value of £163 without incurring VAT. Above

that amount and tax must be paid. What is often not realised is that you will have already paid VAT in France so in effect you are being taxed twice.

This double taxation can be avoided provided you take the correct action in France.

All that needs to be done is for the retailer to fill out a form at the time of purchase saying that you have bought the goods. On leaving the country the form should be handed to the local customs officers who will return it to the store to confirm that the goods have been exported and the VAT, 18.6 per cent of the price, will subsequently be refunded.

The system only applies however to single item goods bought for personal use costing above 2,000 francs (£180). If a series of smaller purchases are made which take you above the 2,000 francs limit it might be better to make them in the same store and try to come to an arrangement with the store over invoicing.

Some shops, mainly in Paris, have a system whereby the VAT is not charged at all on goods which are to be exported which is clearly the simplest method.

If you do have to use the refund system then it is easier to get your money back if you use a credit card. The refund will be

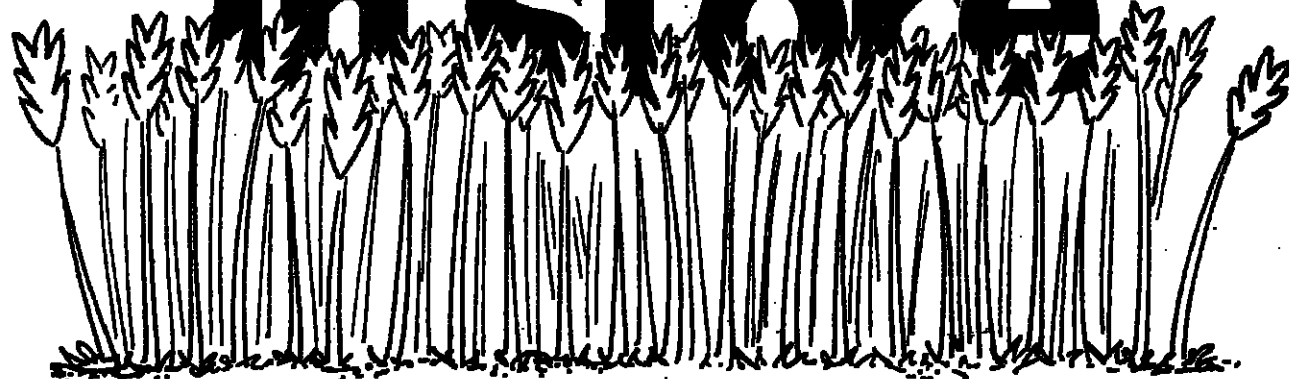
credited directly to your account. Otherwise the money will be paid through a French bank.

A word of warning however, to those who think that they may be able to take advantage of the scheme by buying vast quantities of wine from Boulogne or Calais. The French do not offer the scheme on food or drink and unless you can persuade the local supermarket to act as an exporter, which is highly unlikely, then you will have to pay the VAT once you exceed your duty free allowance.

Ian Griffiths

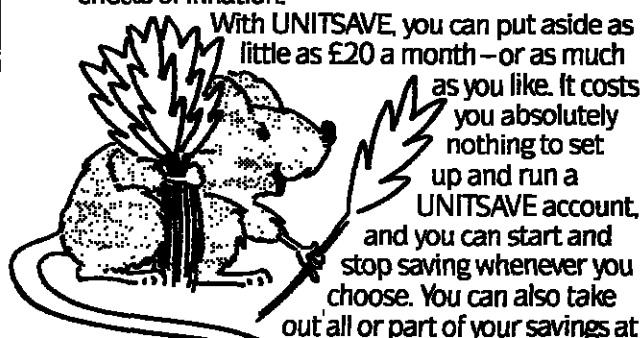
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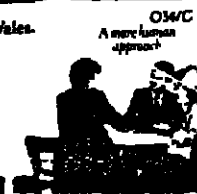
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## FAMILY MONEY

BES

## Word of caution for would-be Budget beaters

The rush to launch property and asset-backed Business Expansion Funds ahead of the Budget has become a veritable flood with our table of schemes open for applications growing longer by the day.

This week sees the launch of 10 schemes which we know of and doubtless there are more. Some companies and funds which have not bothered to send us details.

But first a word of warning. There is a very sound argument, if you are considering an investment in two directly comparable schemes, to go for the one which is nearest reaching its minimum subscription level, or has already reached it.

This is because the initial charges are a fixed amount and if a fund only just makes its minimum subscription, then clearly the initial costs will represent a higher proportion of the money raised than if the fund exceeds its minimum.

Worst of all, if you put money into a fund which does not reach its minimum subscription because you will have failed to qualify for tax relief in this current tax year and it will be too late to go for an alternative scheme.

A lot of the latest BES funds probably won't reach their minimum subscription levels," explained Mr Charles Fry of Johnson Fry.

"If they don't reach their minimums the investor won't know until the last moment and it will be too late to do anything about it."

He is taking no chances at all with his London & Bristol and City East Estates schemes.

Both have already passed their minimum subscription level and he is allocating shares to investors as the money

comes in to ensure that all is completed ahead of any possible clamp down on BES asset-backed funds in the Budget.

"We are allocating shares on a daily basis," he said.

He calculates that the front-end expense ratio on London & Bristol, which has already passed its minimum subscription level, is only 10.18 per cent and could be considerably less by the cut off date of March 14.

Some of the new funds being launched will have expense ratios of over 18 per cent if they only make the minimum subscription. This front-end burden will substantially restrict the activities of some schemes.

This week's clutch of funds is, as before, largely property development schemes in various shapes and sizes. Of the 10 new entrants to our table (three at the bottom), six are property.

One is opening up restaurants in the City, another is in the hotel business, one is in hi-tech medical services, and the tenth (details of which arrived too late to be included in the table) is another fine wine business.

Of the property development schemes, Johnson & Grossart's Smithfield Developments looks particularly attractive.

Sponsors fees are relatively low - 2.5 per cent compared with as much as 6 per cent on

some schemes and the gearing is 60 per cent debt to 40 per cent equity.

The company will be refurbishing buildings for owner occupation around the Smithfield meat market area of London," Mr Peter Stevenson of Noble Grossart said.

The management team has expertise in property development and knows the area well. They reckon Smithfield could become a second Covent Garden, though at the moment property prices are very cheap.

Additionally the area has tremendous character and is already moving away from the traditional meat trades and into design studios, publishing and the like.

T. Pease and Co (not on our table) is an old established wine company which has been operating since 1808. It boasts three first class wine directors and a consultant who will be known to the wine trade - Mr Peter Sichel.

Of the new funds on offer probably only Medical Imaging Services would come into the category of businesses for which the Chancellor had originally intended the BES scheme.

Medical Imaging Services offers hi-tech electronic services described as "computerized tomographic scanning services to hospitals and other users of

such diagnostic medical services". In the prospectus.

This accounts for why property companies have relatively little trouble raising BES cash, but the businesses for which the scheme was originally intended have a tougher time - no one really understands what they do, or what the risks are. Schemes like City Restaurants might just escape any clamp down by the Chancellor since they are running a legitimate business and property just happens to be one of the necessary assets of such a business.

Of the property development funds, St Giles construction has an impressive management team in terms of credentials - very important if the thing is to be a success.

There are two directors with extensive experience in the field of property development on the board - Mr Carl Pycraft, who started up estate agents Johnson & Pycraft, and now runs Melbourne Court Estates and Mr Christopher Collins, who is a director of Brookside Properties, which is involved in the £60 million Heron Quays development in London's dockland area on the Isle of Dogs.

For would-be investors who are new to BES schemes, it is probably worthwhile explaining once again what the tax advantages are.

You are eligible for income tax relief on up to £40,000 invested in BES schemes during the current tax year. Tax relief is at your highest rate paid though you have to be prepared to leave your money untouched in the scheme for a minimum of five years to qualify.

If you pull out sooner, there will be a clawback of tax relief.

## BUSINESS EXPANSION FUNDS STILL OPEN

Fund/Company	Sponsor	Business	Minimum Investment	Closing Date	Contact Tel. No.
London & Bristol Developments	Johnson Fry	CPD	£5,000	14.3.85	01-499 5066
City East Estates	Johnson Fry	RPD	£5,000	14.3.85	01-499 5066
Lockton Developments	Guinness Mahon	CIRPD	£1,000	12.3.85	01-623 9333
St James Estates	United Trust & Credit	RPD	£500		01-499 0223
Restway Retirement Homes	Williams de Broe	Sheltered Housing	£2,000	open ended	01-588 7511
Fraser House Comm	Robert Fraser & Ptnrs	CPD	£1,000	15.3.85	01-499 7551
The Mount Street Fine Wine Company	Pointon York	Fine Wine	£500	14.3.85	01-631 3015
London Anglia Developments	Anglo Dutch	RPD	£1,000		01-588 4278
Princeton Properties	Houston Financial Servs	RPD	£1,000	18.3.84	01-626 4811
Central London Developments	Choularton Finance	RPD	£250	18.3.84	01-628 6225
Limetill	Pacman Fund Management	CRPD	£500	15.3.84	01-580 4036
Associated Innkeepers	Buckmaster & Moore	Operating P/H	£1,000	22.3.84	01-588 2868
Guidehouse	The Guidehouse Grp	Investment	£2,500	open ended	01-606 6321
St Giles Construct	Baden-Powell, Chilcott & Co	CPD	£500	13.3.85	01-588 7878
City Restaurants	The Guidehouse Grp	Restaurants	£650	3.4.85	01-606 6321
Palmerston Prop Dvts	Lancs & York Invest Mgmt	CPD	£1,000	open ended	01-935 5566
Smithfield Developments	Noble Grossart	CPD	£1,000	15.3.85	01-242 1414
First Secure Prop Developments	Giles & Overbury	CPD	£500	14.3.85	01-405 8624
Listing	Collyer-Bristow	Hotels	£2,000	1.4.85	01-405 5000
Great Gable	Granville & Co	RPD	£1,000	14.3.85	01-621 1212
Roman Homes	Capital Ventures	RPD	£1,000	4.4.85	0242 684380
Medical Imaging Serv	Montano Securities	Medical Servs	£200	4.4.85	01-283 7671

CPD=Commercial property development RPD=Residential property development  
CIRPD=Commercial, industrial and retail property development

## FREE PRIZE DRAW

Will you turn £500 of penny shares into £1,000 in just six weeks?



## HOW WE WILL PROVE THE SEEMINGLY IMPOSSIBLE

As we've already explained, we believe it is still regularly possible to double your money in as little as six weeks by trading in penny shares.

In order to prove it we will enter your name in our next Free Prize Draw which takes place on

## PROFIT RECORD SINCE 23rd JANUARY 1985

It's all very well knowing what to buy - the real secret is knowing what to sell. This is our full 'sell' record since the 23rd January 1985.

Stock	Bought	Sold	% Gain
William Lench	50p	175p	250%
C.N. Bailey	10p	25p	150%
Ryan Hotels	10p	25p	150%
Moreau Holdings	10p	25p	150%
Sunshine Group	45p	75p	67%
Hillside	20p	35p	75%
Verba Chemicals	54p	70p	28%
Alston	13.50p	24p	77%
Microgen Holdings	67p	105p	56%
L. & Strathclyde I.T.	15p	17p	14%
Tactical Group	35p	77p	114%
Pauls	27p	36p	33%
Haynes Group	10p	20p	100%
Billy's Leisure	20p	30p	50%
Seaton Oil	15p	40p	167%
Pike Holdings	20p	30p	50%
Butterfield-Harvey	24.50p	37p	51%

\*All percentage gains allow for dealing costs.

30th April 1985, all you need to do is complete and return the coupon below. If you win, you'll receive £500 to spend or invest as you please. We'll suggest that you invest it in any one of our "Hot Tips" for that week. Because if you do, and your £500 of shares aren't worth £1,000 by 13th June 1985, we'll make up the difference in cash.

That's right we're so confident that our advice is sound we believe that £500 will be worth £1,000 in just six weeks!

Everyone is welcome to enter this Free Prize Draw. Purchase is necessary. A full list of Free Prize Draw winners and full rules are available on receipt of a.a.e. Winner's names are published in SMC.

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\* Investment analysis including gold, building societies and gilts.

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We are currently offering three M&G Funds which satisfy the three requirements of income, growth, or a balance between the two. Each has a performance record demonstrating the success of M&G's investment policy over many years. As an incentive we are offering an extra 1% unit allocation if you invest £1,000 or more and 2% if you invest £10,000 or more.

Unit trusts are for long-term investment and not suitable for money you may need at short notice. This is because the price of units and the income from them may go down as well as up.

## Income DIVIDEND FUND

An investor of £10,000 at the Fund's launch in May 1964 has seen his income after basic-rate tax grow from £396 in the first full year to £2,018 in 1984.

By contrast, a building society investor's annual income has fluctuated, rising from £536 in 1965 to £1,200 in 1980 and then falling back to £853 by 1984. So anyone who depended on a building society for income has suffered a cut back over the past 4 years, whilst Dividend Fund investors continued to enjoy a steadily increasing income.

In addition, the Dividend Fund investor's £10,000 had grown to £54,300 by the end of December 1984 compared with £27,270 from a similar national investment in the FT Industrial Ordinary Index and £10,000 in a building society deposit which, of course, remained unchanged.

If you need income which will grow over the years M&G Dividend Fund could be your ideal investment, because we will continue to make income growth the prime objective. The Fund invests in a wide range of ordinary shares and the aim is to provide a high and growing return with a yield about 50% higher than that of the FT Actuaries All Share Index.

Year to 31 DECEMBER	M&G DIVIDEND	BUILDING SOCIETY	M&G DIVIDEND	BUILDING SOCIETY
6 May '64			£10,000	£10,000
1965	£396	£536	10,000	10,000
1970	463	650	10,000	10,000
1975	828	871	10,000	10,000
1980	1,660	1,200	24,280	10,000
1984	2,018	853	54,300	10,000

NOTES All income figures shown are net of basic rate tax.

The Building Society figures are 10% above the average of the rates offered in each year (Source: Building Societies Association).

M&G Dividend capital figures are all realisation values.

On 27th February 1985 offered prices and estimated gross

current yields were: Income Accumulation Yield

Dividend Fund 298.3p 828.7p 5.64%

Recovery Fund 239.7p 299.6p 3.79%

SECOND General 535.1p 1015.0p 3.86%

Prices and yields appear daily in the Financial Times. An initial

charge of 5% is included in the offered price and an annual

charge of up to 1% of each fund's value - currently 1.4% - plus

1% is deducted from gross income (currently 9% for Dividend

increasing to 12% in September 1985). Income for

Accumulation units is reinvested to increase their value and for

income units it is distributed net of basic rate tax on the

following dates: Dividend Recovery SECOND

Distributions 15 Jan 20 Feb 15 Feb

15 July 20 Aug 15 Aug

Next distribution 15 July 20 Aug 15 Aug

for new investors 1985 1985 1985

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## Growth RECOVERY FUND

M&G Recovery Fund is probably the most successful unit trust ever launched. The table below shows just how well it has achieved its aim of capital growth over the long term. The Fund buys the shares of companies which have fallen on hard times. Losses must be expected when a company fails to recover but the effect of a turnaround can be dramatic.

Year to 31 DECEMBER	M&G RECOVERY	FT ORDINARY INDEX	RETAIL PRICE INDEX	BUILDING SOCIETY
23 May '69	£10,000	£10,000	£10,000	£10,000
1970	11,760	9,570	11,020	11,058
1975	26,400	11,121	21,283	18,178
1980	102,560	17,287	40,175	25,521
1984	214,720	39,977	52,405	36,769

NOTES All figures include reinvested income net of basic rate tax.

The Building Society figures are based on an extra interest account offering 10% above the average yearly rate (Source: Building Societies Association).

M&G Recovery figures are all realisation values.

## Balanced SECOND GENERAL

M&G SECOND General Trust Fund aims for growth of both capital and income and has a 28-year performance record which is second to none. It has a wide spread of shares mainly in British companies, which are kept under constant review.

COMPARATIVE PERFORMANCE TABLE of £10,000 invested at the launch of M&G SECOND General on 5th June, 1956, with net income reinvested.				
Year to 31 DECEMBER	M&G SECOND	FT ORDINARY INDEX	RETAIL PRICE INDEX	BUILDING SOCIETY
5 June '56	£10,000	£10,000	£10,000	£10,000
1960	19,534	20,080	11,293	12,483
1965	31,947	26,230	13,492	16,093
1970	47,537	30,540	17,143	21,636
1975	81,843	39,620	33,107	31,651
1980	200,813	61,600	62,494	49,931
1984	463,879	142,410	81,519	71,938



## FAMILY MONEY

## RETIREMENT

## Why pensions need a new benchmark

Rarely has the topic of pensions claimed so much public attention as at the moment — particularly among those who change jobs. Mike Brown asks whether the lower pension earned by job changers can genuinely be termed inadequate.

Any examiner who sets his pass mark at 100 per cent must not be too surprised at a high proportion of failures though such an outcome may reveal less about the candidates than it does about the wisdom of setting such a high standard. Yet much criticism directed at the pensions of those who change jobs is based on just that approach.

We often hear that only that handful of people who never change jobs, and retire on their third of final salary, get a good deal: whereas anyone who changes jobs (as do most people), as a result and receives a smaller pension, is badly treated.

In fact a two-thirds pension is the maximum allowed by the Inland Revenue: so how sensible is it to dismiss as inadequate everything below that maximum?

Consider the case of a man earning £9,000 a year (rather more than the national average), who retires at 65 on the maximum two-thirds pension. He will receive a company pension of £6,000, plus something from the State — generally a basic state pension, but sometimes more.

For a married man, this means another £2,980, making his total gross income £8,980 — very little less than his salary before retirement. But his real spending power goes up, not down.

Net income depends on individual circumstances, so let us assume he is married (most men of 65 are); his pension scheme is "contracted out" of the state earnings related pension scheme (nine out of every ten people in company pension schemes are contracted out); and he contributes 5 per cent of earnings to the scheme.

On these assumptions, from gross earnings of £9,000 before

retirement he was left with £6,277. But his net income just after retirement amounts to £7,296, making him over £1,000 a year better off.

There are many reasons why most people retire on less than the two-thirds maximum. Many have changed jobs, and part of their pension is based on earnings from a previous employment. Others have spent some time in jobs with no pension scheme.

Let us look, then, at a more typical example, in which the company pension is only half of final pay. Adding the basic married couple's pension to a company pension of £4,500 results on gross income after retirement of £7,480 — rather less than the gross £9,000 salary.

But the net figures show a different picture: net income just before retirement (£6,277) rises after retirement to £6,423. Even with a half-pay pension our imaginary pensioner has hardly been mugged quite so viciously as some commentators would have us believe.

Indeed, it is possible to earn a good deal more than £9,000 and still find that net retirement income looks quite healthy if state pension is added, together with allowance for the fact that you no longer pay National Insurance contributions or the company pension scheme and, in many cases, qualify for a better tax allowance.

But the pension at the start of retirement is only part of the story. There is a strong case for trying to maintain its real value throughout the retirement.

Sadly, even with inflation at 5 per cent, this is still expensive. After some years of double-figure inflation we are sometimes told that 5 per cent is a cause for rejoicing. But during the retirement of an average man even 5 per cent will reduce the value of each £1 to only 50p by the time he dies.

Most pension schemes today do provide some increase, but less is heard about the erosion of pensions in payment than about people who change jobs.

There is a strong case, of course, for trying to help many people in both categories. But a better job might be made of allocating scarce resources if pensions were judged by a more sensible pass mark than the maximum possible.

## FINE WINES

## Auction confirms 1982 as vintage year for clarets

THE first chance to assess the outstanding clarets of the 1982 vintage at auction — the true barometer test of the market — occurred in Britain on Wednesday.

Sotheby's sold a selection of *Cru Classé* by the case of six magnums and 12 bottles under bond, which is always a more attractive method for the investor as it means the excise duty is not liable until, if at all, cleared for sale in Britain, and because the wine is subsequently more attractive to the diplomatic and overseas buyer particularly those buying with dollars.

For some months wine merchants have offered the 1982 red Bordeaux in strictly limited quantities. Many have exhausted their initial allocations.

Justerini and Brooks, part of Grand Metropolitan, describes 1982 as "a truly great vintage which can probably fairly be compared with the fabulous 1929's". And Ellis, Son and Vidler gives it the accolade of being "the best since 1961 in Bordeaux for most châteaux" — praise indeed.

There can be no serious wine investor who does not aspire to purchasing a reasonable spread of the 1982 clarets.

This week Sotheby's sold first



Nose for a bargain: Christies has two pre-Budget sales this month

growth Château Mouton-Rothschild 1982 for £520 per six magnums and Pichon-Longueville-Lalande for £240.

St Julien second growths such as Léoville-Lascases work for £240 per 12 bottles and Beville-Barton for £110-£120. In some cases purchasers exercised the option of taking the whole stock on offer for a specific wine if they bid

successfully for the first lot.

Other sale prices were Ducru-Beaucailou at £260 (until recently offered by Justerini and Brooks at £235.88); Beycheville at £160; Lynch-Bages (a fine fifth Cru Pauillac) at £145 (currently £165 at Hatch, Mansfield, the Allied subsidiary); Gruaud-Larose at £135, £145 and £150, and Montrose (a much sought after second growth

St Estephe at £120, £140 and £145, all per dozen bottles. It should be remembered that to these auction prices should be added excise duty of £8.15, clearance and documentation from customs bond of £4, a 10 per cent hammer price to the auctioneers (at the under bond rate) and 15 per cent VAT overall.

Hatch, Mansfield is offering the following 1982s Cos d'Estournel at £235, Beycheville at £190, Figeac (a grand cru St Emilion) at £275, Léoville-Barton at £115 and Montrose at £160.

Justerini and Brooks has a good range including Canon at £13.19 a bottle, Calon-Ségur at £13.13 and Latour (very limited) at £47, a bottle. It also offers double magnums, such as Cos d'Estournel; jéroboams (Figeac and Margaux) and six litre equivalents, called imperials (like Margaux at £378).

Other pre-Budget auctions to watch include Christie's claret and white Bordeaux on March 14 and its City sale on March 12 in the Chartered Accountants Hall, Moorgate Place, London EC2 with a pre-sale tasting from noon to 12.45pm on the day. The latter auction starts at 1pm to help City buyers.

Conal Gregory

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## FAMILY MONEY

### CHANGES

## Investment trusts set out to attract private money

The mighty investment trust industry is gradually waking up to the possibilities of attracting private investors back into its embrace. Investment trusts in total manage £18,000 million of assets while unit trusts, the nearest comparable investment, manage around £15,000 million.

Over the years investment trusts have become increasingly the preserve of big institutional investors. For the private individual they seem more complicated and cumbersome than unit trusts, but the signs are that some investment trusts are now eager to change that image.

The trusts have been hampered by two main factors. First, as closed-end funds, quoted on the Stock Exchange, they are not allowed to advertise their shares (though the management companies can advertise their investment expertise). Their competitors, the unit trust groups are free to advertise as much as they like—and do so to great effect.

Secondly, because investment trust shares are traded like any other company's shares their market price is usually different from the value of the trusts' underlying assets. Unit trust prices directly reflect the value of their underlying investments.

Depending on whether an investment trust's share price is above or below the asset value, the shares are said to be at a premium or a discount.

The difference in value between assets and share price has been regarded as a disadvantage because in the past 10 years, the shares virtually always traded at a discount to the asset value. Currently the average discount is around 24 per cent. But now the Association of Investment Trust Companies (AITC) has turned this criticism on its head. For every £100 of assets you buy, you actually pay only £76 yet there is £100 of investments working to pay your dividend.

The attraction of buying an investment at a discount are obvious. But as one analyst commented, "the discount is a two-edged sword". If the discount on your shares widens it means their value has fallen in relation to the underlying assets and you have probably, though not necessarily lost money. However, over the last five

**\*Current value of £100 invested in the top 20 performing investment trusts over one and five years to January 31, 1985**

One year	£	Five years	£
American	144.5	Crescent Japan	569.6
Fleming American	138.8	GT Japan	538.1
Lowland	138.8	Lowland	530.5
British Assets	138.0	Fleming Japanese	510.4
Gartmore Amn Secs	137.6	Berry	457.7
Mid Wynd Int	136.1	Greenfriar	457.1
General Cons	135.0	TR Pacific Basin	452.9
Fleming Ents	134.8	Murray Income	446.6
TR City of London	134.2	Fleming Far Eastern	443.7
Fleming Cleverhse	132.9	Gartmore Amn Secs	428.0
Murray Int	132.5	Drayton Japan	425.8
Bankers	131.9	London & Strathclyde	421.0
Throgmorton	131.7	Bankers	420.4
TR North America	131.3	TR North America	410.6
Outwich	131.2	English & Scottish	404.4
Winterbottom Energy	131.0	Scottish Mortgage	401.1
Glasgow Stockholders	130.6	Electric & General	398.0
Tribune	129.9	Northern Secs	395.3
Stockholders	129.8	London & Gartmore	394.3
Continental & Indst	129.8	Second Alliance	295.1
FTA All-share	126.6	FTA All-share	295.1

\*Net income reinvested  
Source: Association of Investment Trust Companies

years the average discount has consistently improved from around 30 per cent in 1980 to about 24 per cent now. Few experts expect it to widen again in the near future and the more investors the trusts can persuade to buy their shares, the more the discount is likely to narrow.

The ideal situation for a holder of investment trust shares, of course, is if the share price rises to equal the asset value, or goes to a premium, above the asset value. In recent years this has only happened when trusts have been taken over and 'unitized', i.e. when the fund is converted into a unit trust by converting the shares into units at the full asset value.

Several institutions, most notably the London and Manchester insurance group, made a practice in 1983 and 1984 of taking trusts and unitizing them. The lucky small shareholders thus made immediate gains of over 20 per cent as the discount on their shares disappeared overnight.

Spotting candidates for unitization by a big institution, however, is not easy. They tend to be the smaller trusts with one or two big institutional shareholders, a poor performance record, and a big discount on their shares. On past experience those between about £10 and £40 million in size are most vulnerable.

But playing this kind of game requires a lot of knowledge and sophistication. Mr Roger Adams, of Laing & Cruckshank, the stockbroker, commented: "As far as discounts are concerned you really need good advice. If you buy hoping for a unitisation that never happens, you are simply left with shares in a badly performing fund."

He added that unitisation was 'tailing off'. Institutional investors were deciding that it was not as beneficial as they had at first thought and preferred to keep the discount on the shares. Another shot in the AITC's locker to encourage private investors is the performance record of its member companies. They have been helped by the narrowing discount over the years yet their underlying asset performance has also been good.

Wood Mackenzie, the stockbroker and investment trust specialists, revealed in a recent report that between 1978 and 1983 the top 20 investment trusts outperformed the top 20 unit trusts by 5 per cent.

More recently, investment trusts have had a harder time. Wood Mackenzie believes that 1984 must have been a heart-breaking year for trust managers. But such problems as the astonishing rise of the dollar and plummeting technology stock prices affected other types of funds too. Although only

three trusts outperformed the FTA All Share index last year, the sector still did better than unit trusts. Investment trusts returned an average of 19.9 per cent against the unit trusts' 16 to 18 per cent returns.

Investment trusts are helped towards a better performance than unit trusts by more flexible investment regulations.

The table shows just how well you might have done by holding the best performing investment trust shares over one and five years—and it makes encouraging reading. But a criticism repeatedly levelled at the trusts is that it is virtually impossible to buy shares in some of the top funds. They are predominantly held by big institutions which are understandably unwilling to part with them.

Mr Julian Tregoning, investment director of Save & Prosper, thinks that this is only partially true. "It may be a little difficult to find shares in small trusts, but there is rarely a problem buying into big trusts. In fact, small investors buying small amounts of shares often have a better time of it than institutions looking for large chunks."

Mr Adams believes there is no real problem at all. "If you wanted to invest in Crescent Japan, the five-year top performer, you could buy up to about 25,000 shares with no problem. In GT Japan, the next one down, you might only get up to 10,000." A 10,000 share purchase in GT Japan at the current price of 180p represents an investment of £18,000.

Since the availability, or lack of it, of investment trust shares depends on market conditions it is not surprising to find that the costs of buying and selling also vary. Unit trust buying and selling costs are set at a predictable level, usually around 5 or 6 per cent at the outset. The spread between the bid and offer price of units varies little, but on investment trusts the "jobbers' turn" can vary enormously.

"With the big investment trusts the jobber's turn may only be around 2 per cent because shares are plentiful," Mr Tregoning said.

It is clear, therefore, that in several ways investment trusts are a considerably more complicated type of investment than unit trusts.

Richard Thomson

## Teamwork counts — Consistently!

Expertise, experience and successful teamwork count for a lot in investment management.

Over five years, all conventional Gartmore Investment Trusts outperformed the average Investment Trust and the F.T. All Share Index.

Another of our clients, Altifund, was ranked first in the split-level trust table.

Trust	Total return on Net Assets over 5 years to 31st January 1985
London & Gartmore	+263%
Meldrum	+242%
Gartmore American Securities	+241%
London & Strathclyde	+214%
English & Scottish	+212%
Scottish National	+205%
Gartmore Information & Financial	+204%
Glasgow Stockholders	+199%
(Industry average)	+198%
Altifund	+299%
(Industry average)	+246%

For more information, contact: Peter Rintoul on 01-623 1212 or Bill Henderson on 041-248 3972.

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## "... the laurels for top-performing trust group ... go to Baillie Gifford & Co."

The Sunday Times, 20th January 1985

Baillie Gifford & Co. is an Edinburgh-based firm founded in 1908 whose only activity is investment management. It has a long record of successful portfolio management overseas as well as in the U.K. The firm's personnel include 20 investment professionals divided into specialist teams covering all major markets. Funds under management exceed £950 million.

Investment Trusts under management:	Total Return* Year to 31st Dec. 1984
<b>Baillie Gifford Japan Trust</b> Smaller Japanese companies	<b>+40%</b>
<b>Mid Wynd International Investment Trust</b> Small overseas growth companies	<b>+27%</b>
<b>Scottish Mortgage &amp; Trust</b> Balanced growth of income and capital	<b>+25%</b>
<b>Monks Investment Trust</b> Capital growth	<b>+21%</b>
<b>Winterbottom Energy Trust</b> Oil and energy-related investments	<b>+20%</b>
<b>Baillie Gifford Technology</b> High technology companies	Launched April 1984
<b>Average investment trust</b>	<b>+20%</b>

(\* Capital growth of assets plus re-invested dividends per Association of Investment Trust Companies statistics.)

### Other services:

BG Unit Trusts  
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**Baillie Gifford & Co.**  
3 Glenfinlas Street, Edinburgh EH3 6YY  
Telephone 031 225 2581

† Japan, International and U.K.

To: Peter Murray, Baillie Gifford & Co., 3 Glenfinlas Street, Edinburgh EH3 6YY

Please send me details of the following:

Scottish Mortgage & Trust	<input type="checkbox"/>	Mid Wynd International	<input type="checkbox"/>
Monks Investment Trust	<input type="checkbox"/>	Baillie Gifford Japan	<input type="checkbox"/>
Winterbottom Energy Trust	<input type="checkbox"/>	Technology	<input type="checkbox"/>
BG Unit Trusts	<input type="checkbox"/>	Exempt Funds	<input type="checkbox"/>
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FAMILY MONEY

INVESTMENT TRUSTS

# Star rating for CU Top Ten

Buying and selling shares in some of the smaller investment trusts can present problems. Vivien Goldsmith takes a look at those with net asset values of £100 million or more to see how they have fared.

Commercial Union took a woe step when it launched a fund of 10 of the best performing investment trusts in the big league last May. Now this fund has put up such a shiny performance it has eclipsed CU's own managed fund.

The CU Top Ten Fund had risen 26.4 per cent in the last six months while the managed fund has been pipped at the post, showing a gain of 24.6 per cent. In January the contrast was more dramatic - the Top Ten rose 5.8 per cent while the managed fund produced growth of only 2.9 per cent.

CU's fund managers might find this star in their midst embarrassing but the sparkling performance of investment trusts was the very reason that Commercial Union decided to launch the fund. In the 10 years to the end of 1983 investment trusts outperformed the FT All-Share Index by 29.3 per cent and the FT Ordinary Share Index by 137.8 per cent.

Foreign & Colonial Investment Trust, which produced its results this week, declared a dividend up 7.4 per cent with the share price up 34 per cent on the year. Mr Michael Hart, the manager of the £360 million fund, is keen to encourage private investors to jump aboard.

Foreign & Colonial has a scheme which allows private buyers to acquire its shares for a charge of 3 per cent while a comparable investment in a

unit trust would cost twice as much. It passes on the economies of buying large portions of stock by sending its registrars, the Bank of Scotland, into the market to make bulk purchases.

Foreign & Colonial is also a first investment trust to set up a savings scheme. This plan, allows investors to buy shares at £25 a month - otherwise the minimum investment would be a single payment of £250.

The Foreign & Colonial fund is invested 39 per cent in Britain; 35 per cent in the United States; 17 per cent in Japan and 9 per cent elsewhere, although in currency terms the fund is more exposed to the yen.

A fund of this size can build up a substantial holding in one company - it has £20 million in BTR: £11.5 million in BAT

Industries and £9 million in CASE.

Mr Hart said: "Investment trusts are the cheapest way for the small man to get into the stock market. If the economies of the United Kingdom, United States and Japan do well, you are bound to do pretty well with Foreign & Colonial."

There is a trend for investment trusts to move away from their general approach and specialise in different geographical areas. Lake View, part of the John Govett stable of investment and unit trusts started life as a mixed fund but has now moved its focus to the Far East. The £180 million fund is invested 65 per cent in Japan and 20 per cent in other Far Eastern markets.

Lake View's fund manager, Mr Charles Fowler, is enthusiastic about the long-term

prospects in the Far East as a gateway to the vast Chinese market. China is already the third largest export market for Japan behind the United States and Europe.

Fleming Far Eastern, which claims to be the largest of the four Far Eastern investment trusts, is also on Commercial Union's list. It has 70 per cent of its funds in Japan with 11 per cent in Hong Kong and 9 per cent in Australia.

Ivory and Sime has Atlantic Assets and Edinburgh American in Commercial Union's list - both with substantial holdings in the United States. Atlantic Assets is 68 per cent invested in the United States, with just over 20 per cent in the United Kingdom. Edinburgh American is 80 per cent invested in the United States.

Atlantic Assets was founded in 1955 with £1 million and now has a net asset value of £170 million - compound growth of around 19 per cent.

Ironically, Edinburgh American's best performing share last year was Brazilian Assets which doubled in sterling terms. "It did even better in Cruzeiros", said Mr Neil Dunn, investment manager.

As well as trusts specialising in a particular region of the world there are trusts which invest heavily in specialist industries. Touche Remnant

Technology and Touche Remnant Industrial and General specialise in high technology stocks.

Industrial and General has about 44 per cent of its £490 million assets invested in Britain mostly in quoted companies, although it does have a significant holding in the unquoted Century Power and Light Company which is involved in North Sea exploration. But its holding in the US - 22.5 per cent of the fund - is largely in unquoted Californian new technology companies.

Mr Tony Arnaud, the investment manager of TR's Technology Fund has recently changed the geographical balance of his £320 million fund. A quarter was invested in Japanese companies. "But we moved a huge slice into the States because we felt that the Japanese stocks had become over-extended in our field. At the time the American stocks were flat on their backs so we have made between 10 and 100 per cent gains in the six weeks since we bought the stocks in America," said Mr Arnaud.

Scottish Mortgage is a £400 million fund which owes its origins to investments in Malaysian plantations but it is now committed to being a general fund looking for capital growth and dividends at least in line with the rise in inflation.

Commercial Union's Investment Trusts - Assets in Excess of £100m

Trust	Total return to shareholder over:	
	1 Year	5 Years
Atlantic Assets	115.1	339.7
Edinburgh American	144.5	327.9
Edinburgh Investment	111.1	327.7
Fleming Far Eastern	103.2	444.6
Foreign & Colonial	128.9	379.4
Investors Capital	120.7	318.7
Lake View	114.6	359.0
Scottish Mortgage	128.1	404.4
Touche Remnant		
Industrial & General	116.7	296.3
Touche Remnant		
Technology	125.5	362.3

Source: The Association of Investment Trust Companies

## MURRAY JOHNSTONE



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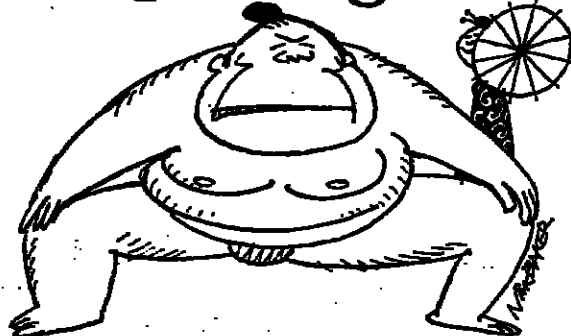
Based in Glasgow, our emphasis is on global investment strategy. Through it we achieve high overall returns for our clients, whether they be investment trusts, pension funds or unit trusts.

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\* To 1st February, 1985 on an offer-to-offer basis without re-investment of income. Source: Planned Savings, February, 1985.

To: John Govett Unit Management Limited, Winchester House, 77 London Wall, London EC2N 1DH. Tel: 01-588 5620.

Please tell me more about Govett Japan Growth Fund.

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### COVENANTS

## Tax relief can be child's play

Nothing is entirely safe from the Chancellor's axe, and last week Family Money recommended parents with children about to go to university in September to make out a Deed of Covenant now, before Budget day, in the expectation that even if the Chancellor does cut back the tax advantages, he is unlikely to make it retrospective.

If a parent is giving money in this way, the child must be over 18 for the covenant to qualify for tax relief. But parents anxious not to miss out on the relief can make the covenant now, while the child is under 18, and payments qualify for relief as soon as 18 is reached.

What we have now discovered, however, is that the covenant system will work for a child of any age - not just those coming up to 18. A deed can be made today in favour of your five-year-old, with the first payment due the day after the child's 18th birthday, thirteen years hence. Provided the deed is capable of running for more than six years from the date of the first payment, as the law stands those payments would qualify for tax relief.

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- \* 110 years' experience of investment in North America.
- \* The world's largest foreign investor in Japan.
- \* £6,000 million invested in the UK and Europe.

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Trust and investment policy	Total Assets
<b>FLEMING AMERICAN</b> Invests in USA and Canada	£140m
<b>FLEMING CLAVERHOUSE</b> Invests wholly in the UK	£ 33m
<b>FLEMING ENTERPRISE</b> Invests in small and medium-sized companies, listed and unlisted, in the UK	£ 33m
<b>FLEMING FAR EASTERN</b> Invests in the Far East, including Australia	£190m
<b>FLEMING FLEDGELING</b> Invests internationally in small companies and special situations	£ 19m
<b>FLEMING JAPANESE</b> Invests in Japan	£ 94m
<b>FLEMING MERCANTILE</b> Invests with emphasis on wide geographical spread in overseas and unlisted investments	£259m
<b>FLEMING OVERSEAS</b> A general trust investment mainly in overseas markets	£216m
<b>FLEMING TECHNOLOGY</b> Concentrates on investment in new technologies	£ 84m
<b>FLEMING UNIVERSAL</b> Invests internationally, including the UK, with emphasis on radical geographical and sector changes	£ 98m

To: Robert Fleming Services Limited, 2nd Floor, P&O Building, 122 Leadenhall Street, London EC3V 4QR.

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## A question your Investment Adviser may be reluctant to answer.

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buy Investment Trust shares for you and The Association of Investment Trust Companies has a list of those who are keen to advise you.

If you think you should know more about Investment Trusts and how they can balance your portfolio, fill in the coupon. In return, we'll send you some extremely interesting facts and the list of Stockbrokers who'll give you all the answers you need.

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If you are an investment adviser, please indicate your profession: Stockbroker ☐ Accountant ☐ Solicitor ☐ Insurance broker ☐ Banker ☐ Other investment adviser ☐

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Japan	31.2
Other Far East	4.1
Europe	8.4
Other Countries	1.9
	100.0

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## FAMILY MONEY

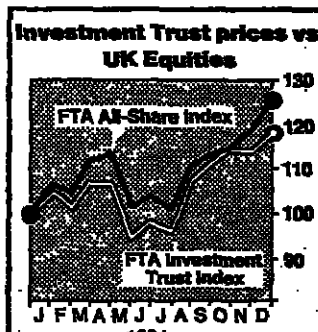
### INVESTMENT

## Improving the image with a more attractive package

Investment trust managers have been dreaming up some ingenious ways of bypassing the ban on advertising their shares by linking them to investment vehicles which are free to advertise.

Some methods have been in existence for some time, including Save & Prosper Investment Trust Units, S & P ITU, founded back in 1939, has £265 currently under management. It offers the chance to get into investment trusts through the simplicity of a unit trust, with professional management to look after the fund.

This extra layer of management does not make your way into investment trusts much more expensive than buying investment trust shares directly. Though it may add around 1 per cent to the total cost, S & P emphasizes that because it can deal at wholesale rates, the fund's dealing costs are much



lower than those for an individual. This provides a whole portfolio of investment trusts rather than the more risky exposure to a single trust. A number of other unit trust groups, like M & G, have brought out their own version of this scheme. Insurance companies have also woken up to the value of

investment trusts. Commercial Union was one of the first to link an insurance bond to a portfolio of trusts, but others such as Crown Life, and Equitable Life have also brought out single or regular premium bonds with the type of link. Pension policies linked to investment trust investments are also becoming more widespread.

Perhaps the most straightforward method of moving into the sector, however, has recently been introduced by Foreign & Colonial, one of the largest and oldest established investment trust companies. In conjunction with the Royal Bank of Scotland, runs a simple saving scheme free of all insurance or pension links. You can invest a monthly minimum of £25 in the F & C Investment Trust with optional extra lump sums of 200 shares (around £260). The monthly contri-

butions from all savers are aggregated by RBS so that it purchases large tranches of the shares at wholesale dealing rates, thus reducing the overall cost to the investors. F & C claims it is one of the cheapest methods of direct investment in the stock market for individuals.

This investment trust equivalent of unit trust regular savings schemes looks set to catch on. The enormous Globe Investment Trust has already followed suit. Mr Jeremy Sturges of the AJTC commented: "We expect many more of these schemes soon. It is a very interesting development." The big advantage is that insurance-linked unit-trust packages provide investment trusts with the ability to advertise their wares - and they have something well worth selling.

Richard Thomson

### MORTGAGES

## Big-time borrowing at 13.5%

Competition to get money out on mortgages is fierce in the building society market as the cold weather which prevailed until recently kept housebuyers at home.

But for the larger than average borrower - those needing £30,000 or more - Cheltenham & Gloucester's Gold Loan scheme remains one of the most competitive. There is a flat rate of 13.5 per cent charged by C & G on both repayment and endowment loans and you can borrow up to £60,000 provided it does not exceed 75 per cent of the value of the property, or three times your annual income. (In the case of couples, both incomes will be taken into account.)

C & G will also consider remortgages from applicants who are already paying much higher interest charges. Loans can be spread over any period up to 25 years.

There is a standard arrangement fee of £100.

## Word has it that all these pension rumours are just idle gossip. So they say.

Far be it from us to pay any attention to all the talk.

At Hill Samuel Investment Services, we're not interested in rumours.

We deal in facts.

And the fact is, there's never been a better time to organise your pension.

Under the present legislation, planning for retirement is the most tax-efficient form of investment available.

So forget about rumours, talk to the experts.

We are, after all, part of Hill Samuel Life and Investment Management one of the largest pension fund managers in the UK.

And we can help you choose the plan which best suits your circumstances and requirements. That's a fact.

To: Hill Samuel Investment Services Limited, NLA Tower, 12-16 Addiscombe Road, Croydon, CR9 6BP. Tel: 01-686 4355.

I would like to talk to Hill Samuel about a Personal Pension Account.

Name \_\_\_\_\_ T.23/85

Address \_\_\_\_\_

Tel. \_\_\_\_\_

HILL SAMUEL

INVESTMENT SERVICES

## Telecom in line for stamp duty

Holders of British Telecom shares should prepare to cope with new technicalities. So far, their allocation letter - the document which first told them how many shares they had been given at the flotation - was all they needed when selling their holdings. But that will change next Friday.

Until now the buyer of BT shares did not pay the normal 1 per cent stamp duty charged on share purchases. From Friday, stamp duty will be levied on BT share purchases and the seller, who until now simply needed to present his allocation letter to complete the deal, will also have to fill in a standard transfer form.

This situation will prevail until May 31 when "interim certificates" will be sent out to shareholders to replace the allocation letter as proof of share ownership. The certificate is interim because it precedes the second instalment of the payment for the shares, due in June. A notice of the second instalment will accompany the certificate sent to shareholders.

From May 31, shares can only be sold by presenting the certificate, the notice for the second instalment and the stock transfer form.

Between June 1 and the second instalment date, June 24, sales can only be made by presenting the certificate, the notice, the form and the appropriate payment for the second instalment.

If you lose either your certificate or second instalment notice you can apply for an indemnity. The company will then send you forms to sign absolving BT from any financial liability if the old certificate is found and used by someone else. If you agree to this, BT will send you replacement documents.

Anyone planning to deal in BT shares between now and June 24 is strongly advised to consult a stockbroker.

## PORTABLE PENSIONS? DON'T WAIT FOR THE GOVERNMENT TO GET ITS ACT TOGETHER

Why wait for the Government to make up its mind on pensions when you can maximise your potential for profitable growth by acting now - with a tailor-made pension plan from London Life?

The longer you wait, the more you stand to lose. A man of 35, for example, taking out a 25 year London Life pension plan today, with a net monthly premium of £50, might build up a projected fund of £121,586\*

By waiting another year he saves £600 - but his projected fund to

purchase retirement benefits could drop by £13,841 to £107,745.

That's not only unprofitable, but also unnecessary.

Because whatever changes the Government may have in store, London Life's standards of service, value and performance will remain as high as ever. As will our reputation for finding flexible solutions to complex and changing pension problems.

Let us help you, NOW!

\*Based on a basic rate taxpayer and 12% growth to retirement.

Whatever your situation London Life already has the answer.

Tick appropriate box(es) to help London Life help you.

- ☐ Already in a Pension Scheme? ☐ Controlling director or senior executive?
-



## FAMILY MONEY

## HOLIDAY HOMES

# Taxman eases the burden on your place in the country

As the first signs of spring appear, families with holiday homes will be heading off for the country and the coast to check that the property has suffered no damage from winter storms. Those who let their country cottages will be cleaning up for the first holidaymakers at Easter. David Tallon looks at the tax implications of letting a holiday home.



A peaceful place - and a little-noticed tax change makes it less expensive

Second homes are not only for the very wealthy. In fact, quite a lot of people of even modest circumstances have invested in a holiday home to save on holiday costs for young families, provide a little bit of extra income and a place for retirement.

With the fall in the value of the pound, even against many European currencies, the British holiday is looking forward to improved times. Even so, life for a family in a hotel can run up very substantial bills. The idea, therefore, of self-catering holidays makes a great deal of sense.

Looking back to last year's Budget, there was a significant development in this area which does not seem to have received all the attention it deserved. The Chancellor announced that the earnings from holiday accommodation will be treated as earned income.

Perhaps because of the abolition of the investment income surcharge, the importance of this change and the provisions introduced in the Finance Act 1984 seem to have been overlooked.

In the first place, the detailed changes were dated back to the tax year 1982-83. Anyone who has already paid tax on letting income from such accommodation can reopen that year and claim tax back, provided the claim is made by April 5. If that income was liable to the investment income surcharge, then it will be repayable.

But what is classed as holiday accommodation? Qualifying

properties are defined by reference to the periods and frequency of letting in each year, rather than to geographical. The new tax regime will apply to such holiday accommodation which is let on a commercial basis, is furnished, and in Britain. The definition includes caravans.

Three more tests must be met. First, the property must be available for letting to the public generally as holiday accommodation for at least 140 days per annum; secondly, actual lettings during this period must amount to at least 70 days per annum; and for seven months of the year (not necessarily continuous) the property must not normally be occupied by the same tenant for more than 31 consecutive days.

Letting to relatives and friends at nominal rent will not count, although this is not to say that there has to be a profit each year.

It must be assumed that the property should show profits rather than losses over a period of years to qualify as a trade. But since there is no absolute time test, there is nothing to prevent an inspector of taxes

questioning the profit motive when losses are made.

This may well preclude the family second home which is only let occasionally. As will be seen from the conditions already mentioned, it is necessary to show that the accommodation is provided to make a profit and not just to take in occasional guests as a contribution towards costs.

There are several other benefits of the income being treated as earned. For example, it would be possible for the income to be treated as that of a wife, so that if she has no other employment it can qualify for the wife's earned income relief. As trading income, a part can be set aside for pension provision under the self-employed pension legislation.

In addition, as a trading asset, the sale and replacement of the property with another property for the same purpose can qualify for roll-over relief capital gains tax liabilities, subject to a deduction for personal use.

Retirement relief for capital gains tax would also apply, but the accommodation is not a business asset for capital transfer tax purposes. As a trade,

many of the expenses will qualify for deduction from the income. Such allowable expenditure is more liberally interpreted than it would be if the income is treated under the property schedule A.

Perhaps one of the most interesting aspects will be that interest on money raised to purchase or improve a property will qualify for deduction. In the past, such interest, if it exceeded the net rental income, would have had to be carried forward against future excess rental income. Now it can turn a profit into a loss and that loss can be set against the other income of the taxpayer.

It is, perhaps this ability to set off the financing cost against other general income which opens the way for many people to purchase a second home. Remember also that as the money is raised for a business purpose, it is not subject to the limit of £30,000 which applies to the mortgage of one's principal private residence.

No short article can encompass all the do's and don'ts, and proper professional advice should be sought before taking on any substantial financial commitment.

## LOANS

## Spreading cost of school fees

A school fees plan which allows parents to borrow the necessary cash but spread payments over 10 to 25 years was launched this week by National Westminster Bank and Isis, the Independent Schools Information Service. It operates like a loan account - cash is not borrowed until it is needed so you do not pay interest charges on funds until you are actually paying school fees.

Interest is charged at 2.5 per cent over NatWest's base rate (currently 14 per cent) and is debited to the account on a quarterly basis.

The loan is secured against investments or property and borrowings will be considered up to 70 per cent of the total security which a parent can offer - provided that the amount does not exceed two-and-a-half times either parent's annual income.

For example, a parent offering his house worth £80,000 as security with a mortgage of £25,000 outstanding on it, could qualify (subject to the income qualifications and bank approval) for a maximum school fees fund of £31,000.

Mr David Woodhead, national director of Isis said: "Many parents who have not planned for school fees find it difficult to pay them entirely out of current income."

"Some parents opt for independent education at the last minute or have made insufficient provision so that their resources need topping up. This school fees loan plan will be of particular help to these parents. The loan repayment scheme works like an endowment home loan. Interest only is paid on the amount borrowed but a life policy runs alongside the plan, fixed to mature after an agreed number of years and the policy proceeds on maturity repay the loan."

Parents making use of the scheme can opt to have the loan repayment linked to life policy with any of four leading life companies: Clerical Medical and General, Friends Provident, Sun Alliance or UK Provident. The policy has to be assigned to NatWest as additional security for the loan. However, any surpluses accruing on the policy above the amount needed to repay the NatWest loan are paid to the parent. In the event of early death a sum guaranteed to be not less than the total borrowing facility is paid from the insurance policy.

There is an initial security fee of £100 and a £10 charge every time money is drawn from the fund. For example, if you made three withdrawals a year to coincide with termly school fees, you would clock up administration charges of £30. The loan can be repaid early, if for example, you move house and release capital.

Full details from NatWest branches.

## London & Edinburgh Trust PLC

Have to offer

### TAX EFFICIENT INVESTMENT PROPERTY

with 100% first year allowances against highest rate of tax in

SOUTHAMPTON, OXFORD

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Small nursery units for sale

FREEHOLD OR LEASEHOLD

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★ 2 YEAR PUBLIC COMPANY RENTAL GUARANTEE ★  
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TEL NO.

## Business Expansion Scheme

### SMITHFIELD DEVELOPMENTS PLC

Formed to refurbish and build office and light industrial accommodation for 'owner occupation' by small businesses in and near the City of London.

Particular emphasis on Smithfield where management has recent development experience.

**Offer for Subscription**  
of up to 2,000,000 ordinary shares at £1 per share, payable in full on application, on or before Friday 15th March 1985.

Sponsored by  
**NOBLE GROSSART LIMITED**

For copies of the offer for subscription, on the basis of which alone application can be made, please contact Noble Grossart Limited, 17 Lincoln's Inn Fields, London WC2A 3ED or telephone 01-242 1414.

\*except as stated in the Offer for Subscription.

## Kleinwort Benson

With effect from 1st March 1985 the Kleinwort, Benson Limited mortgage rate will be 14.5% per annum

## PENSIONS: ACT NOW

BEAT THE BUDGET (on March 19th)

Start a new pension plan NOW - with almost any company you like - AND SAVE UP TO 27.5% of your first year's contribution. For details, plus a FREE copy of our PENSIONS FACT-FILE, contact Investors' Circle, 37 Grand Parade, Brighton, BN2 2QA. Telephone: (0273) 673136 - 24 hr answerphone service.

MAKE SURE OF YOUR TAX RELIEF!

## TOWN & COUNTRY BUILDING SOCIETY

### SUPERSHARES

#### SUPER 90

9.50% NET = 13.57%  
Effective annual rate when full interest remains invested

9.73% NET = 13.90%  
Effective annual rate when full interest remains invested

#### SUPER 7

9.00% NET = 12.86%  
Effective annual rate when full interest remains invested

9.20% NET = 13.14%  
Effective annual rate when full interest remains invested

No notice or penalty if, after any withdrawal, a minimum balance of £10,000 is maintained.

Minimum investment for Supershares is £250.

Interest rates are variable. \*Gross to income tax payers.

Assets exceed £200 million. Over 200 branches and agencies.

Member of the Building Societies Association and the Investors' Protection Scheme.

Authorised for investment by Trustees.

Please send full information about Town & Country Supershares.

Name

Address

Postcode

To: Town & Country Building Society, 215 Strand, FREEPOST, London WC2R 1ER. Or telephone 01-583 0961.

12

This advertisement is not an invitation to subscribe for or to purchase any securities

## T. PEASE SON & COMPANY PLC

(Incorporated in England under the Companies Acts 1948 to 1983 - No. 621412)

T. Pease Son & Company PLC is a wholesale wine merchant, and was founded in 1808.

The Company operates principally in the North of England.

### Offer for Subscription

Under the Terms of the Business Expansion Scheme sponsored by

### Equity Finance Trust Limited

of up to

500,000 Ordinary Shares of 20 pence at £1 per share payable in full on application.

The subscription list is now open and may close at any time, but will close no later than Monday 11th March 1985, unless extended with the agreement of the Company. No application has been or is proposed to be made for any part of the Company's share capital to be admitted to the Official List of the Stock Exchange or to the Unlisted Securities Market. Equity Finance Trust Limited has undertaken to maintain a market in the Ordinary Shares of the Company, by endeavouring to match buyers and sellers.

Application forms and copies of the prospectus dated 8th February 1985, upon the terms of which alone applications can be made, may be obtained from:

### EQUITY FINANCE TRUST LIMITED

14, Park Place, Leeds LS1 2SJ

Leeds (0532) 445245

Dauntsey House, Frederick's Place,

Old Jewry, London EC2R 8HN. 01-606 2167

## INCOME TAX RELIEF FOR 1984/85

Closing date - 12th March 1985.

## Lockton Developments plc

property development

Offer for Subscription under the Business Expansion Scheme of up to £7,500,000 sponsored by

## Guinness Mahon & Co. Limited

★ Asset backed

★ Conservatively financed

★ Extensive property development expertise

Lockton Developments plc will be involved principally in commercial, industrial and retail property developments.

The directors will pursue a conservative policy to achieve a secure growth of assets and provide a high degree of stability to the Company.

Individual subscribers should, depending on their circumstances, be able to obtain income tax relief at their highest rates of tax in respect of the year ending 5th April 1985.

Telephone 01-623 9333 (24hr service) for a copy of the Prospectus or complete the coupon below.

This advertisement does not constitute an invitation to subscribe for shares.

To: Guinness Mahon & Co Limited  
32 St Mary at Hill, LONDON EC3P 3AJ.  
Please send me a copy of the Prospectus for Lockton Developments plc.

Name

Address

Up to 4% commission will be paid to professional intermediaries through whom successful applications are submitted.

72/3

# Important news for Midland Savers



From 6th April 1985, banks will be required by law to pay interest on your savings net of tax. This means that we will account to the Inland Revenue for the basic rate of tax payable on your savings interest, just as the building societies do.

Certain customers, notably limited companies, clubs, societies, churches, charities, overseas residents and anyone with accounts held at our branches in the Channel Islands or the Isle of Man, may continue to receive interest gross after this date.

Midland Bank gives notice that as from 4th March 1985, the rates of interest on its savings accounts will be as shown below. As you can see Midland continues to offer a wide range of savings accounts at very competitive rates.

Details of the new scheme are being sent direct to our savings customers but if you have any queries about payment of interest your local Midland branch will happily sort them out for you.

Gross Interest p.a.	Midland Savings Account	Net Interest p.a.	Gross equivalent to a basic rate tax payer p.a.
13.38%	High Interest Cheque Account	10.00%	14.29%
13.38%	Monthly Income Account	10.00%	14.29%
11.04%	Saver Plus £100 and over	8.25%	11.79%
11.71%	£250 and over	8.75%	12.50%
12.37%	£500 and over	9.25%	13.21%
13.04%	£1,000 and over	9.75%	13.93%
10.37%	Deposit Account	7.75%	11.07%
13.04%	Griffing Savers	9.75%	13.93%



**Midland** The Listening Bank  
Midland Bank plc



## INCOME TAX RELIEF FOR 1984/5 CITY RESTAURANTS plc

- Proposed Restaurant in Covent Garden
- ☆ Proven Management Team
  - ☆ Significant Investment by Founders
  - ☆ Covent Garden Location
  - ☆ Large Asset Backing

### OFFER FOR SUBSCRIPTION

Under the Terms of the Business Expansion Scheme sponsored by

## THE GUIDEHOUSE GROUP plc

(Member of Nasdim)

800,000 Ordinary Shares of 50p each at 55p per share payable in full on application.

The subscription lists will be closed when the Offer is fully subscribed or at midnight on 3rd April 1985, unless extended prior to that date. If the minimum subscription is achieved by 15th March 1985, shares will be allotted on 18th March 1985, although the Offer will remain open. The Company intends to establish a group of restaurants in London and has conditionally agreed to acquire premises in Covent Garden, London WC2, where it will open its first restaurant.

To: The Guidehouse Group Plc  
Vestry House  
Greyfriars Passage  
Newgate Street  
London EC1A 7BA  
Tel: 01-606 7001

Please send me a copy of the Prospectus for City Restaurants plc.

Name.....

Address.....

Up to 2.5% commission will be paid to professional intermediaries through whom successful applications are submitted and professional intermediaries introducing subscribers for at least 40,000 Ordinary Shares will be entitled to an option to subscribe at the Offer Price for 1 Ordinary Share for every 20 Ordinary Shares allotted to such subscribers introduced by such persons.

## FAMILY MONEY

### FAMILY MONEY MARKET

**Banks**  
Current account - no interest paid.  
Deposit accounts - seven days notice required for withdrawals.  
Barclays 11½ per cent. Lloyds 11½ per cent. NatWest 11.00 per cent. Midland 11.0 per cent. National Girobank 11 per cent. Fixed term deposits £10,000-£24,999, 1 month 13.25 per cent, 3 months 12.25 per cent, 6 months 11.25 per cent. Rates quoted by National Westminster. Other banks may differ.

**MONEY FUNDS**

Fund	First APR	Telephone
Arden Home	13.50	01 838 8070
B of Scotland	13.25	01 628 8062
Britannia	13.25	01 585 2777
Oppenheimer Money Management	13.25	01 585 2777
Account	13.50	01 236 8382
under £10,000	13.50	01 236 8382
£10,000+	13.50	01 236 8382
S & P Cal	13.10	0708 68866
Schroder Wagg	13.50	0705 827733
£2,500	13.50	0705 827733
Tullet & Riley	13.50	01 236 0852
T & R 7 day	13.50	01 236 0852
Tyndal 7 day	13.50	0272 732241
UDT 7 day	13.50	0272 732241
Western Trust	13.50	01 628 4881
1 month	13.50	01 628 4881
Henderson Money	13.50	0752 261181
Market Cheque	13.50	01 628 5757
Account	13.50	01 628 5757
M & G Hys	13.25	01 628 5488
HFC Trust 7 day	14.00	01 236 6381

**National Savings Bank**  
Ordinary accounts - interest 6 per cent on £500 minimum on deposit for whole of 1985, otherwise 5 per cent. Investment Account - 12.25 per cent interest paid without deduction of tax, one month notice of withdrawal, maximum investment £50,000.

**National Savings Income Bond**  
Min. investment £2,000 - max. £50,000. Interest - 12.75 (from 13th March) per cent variable at six weeks notice - paid monthly without deduction of tax. Repayment at 3 months notice. Penalties in first year.

**National Savings Deposit Bond**  
Minimum investment £250 maximum £50,000. Interest 12.75 per cent (from March 13) variable at six weeks notice, credited annually without deduction of tax. Repayment at three months notice. Half interest only paid on bonds repaid during first year.

**Local authority yearling bonds**  
12 months fixed rate investments interest 12½ per cent basic rate tax deducted at source (can be reclaimed by non-taxpayers), minimum investment £1,000, purchased through stockbroker or bank.

**Guaranteed Income Bonds**  
Return paid net of basic rate tax.

**National Savings 2nd Index-linked certificates**  
Maximum investment £10,000, excluding holdings of other issues. Return tax-free and linked to changes in the retail price index. Supplement of 0.25 per cent per month up to October 1985 paid to new investors; existing holders receive a 3.0 per cent supplement between October 1984 and October 1985 4 per cent bonus if held full five years to maturity. Further 4 per cent after 10 years. Value of Retirement Issue Certificate purchased in February 1980, £160.87 including bonus and supplement.

**National Savings Yearly Plan**  
A one year regular savings plan converting into four-year savings certificates. Minimum £20, Maximum £100 a month. Return over five years 9.25 per cent - tax free.

**National Savings Deposit Bond**  
Minimum investment £250 maximum £50,000. Interest 12.75 per cent (from March 13) variable at six weeks notice, credited annually without deduction of tax. Repayment at three months notice. Half interest only paid on bonds repaid during first year.

**Local authority yearling bonds**  
12 months fixed rate investments interest 12½ per cent basic rate tax deducted at source (can be reclaimed by non-taxpayers), minimum investment £1,000, purchased through stockbroker or bank.

**Guaranteed Income Bonds**  
Return paid net of basic rate tax.

**Building societies**  
Ordinary share accounts - 7.5 per cent. Extra interest accounts usually pay 1 to 2 per cent over the ordinary share rate. Rates quoted above are those most commonly offered. Individual building societies may quote different rates. Interest on all accounts paid net of basic rate tax. Not reclaimable by non-taxpayers.

**Foreign currency deposits**  
Rates quoted by Rothschild's Old Court Int. Reserves 0481 26741. Seven days notice is required for withdrawal and no charge is made for switching currencies.

higher rate taxpayers may have a further liability on maturity. 1 to 4 yrs General Portfolio: 10% 1 yr New Directions Finance (underwritten by Credit & Commerce) 10.1% 2 yrs Liberty Life (£25,000+) 9.9% 3 yrs New Direction 9.4% 4 yrs New Direction 9.4% 5 yrs Liberty Life (£5,000+) 9.4%

**Local authority town hall bonds**  
Fixed term, fixed rate investments. Interest quoted gross (basic rate tax deducted at source reclaimable by non-taxpayers). 1 yr Leicester, Minimum sum £500 10½ per cent 2 yrs Nottingham, Minimum sum £500 11½ per cent 3 yr Nottingham 11½ per cent 4 yr Bolton 11½ per cent 4 yr Lambeth 11½ per cent 5 yr Bolton 11½ per cent 6 yr Bolton 11½ per cent 6-7 yrs Blackpool £500 11½ per cent 6-7 yrs Lambeth £1,000 11½ per cent 8-10 yrs Worthing, Minimum £500 11½ per cent

**Further details available from:**  
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## Law Report March 2 1985

### Extra-contractual party can invoke admiralty jurisdiction

**Samick Lines v. Antonis P. Lemos (Owners)**  
Before Lord Scarman, Lord Diplock, Lord Roskill, Lord Brandon of Oakbrook and Lord Templeman  
[Speeches delivered February 21]

Section 20(2) (b) of the Supreme Court Act 1981 by which the admiralty jurisdiction of the High Court included "any claim arising out of any agreement relating to the carriage of goods in a ship or to the use or hire of a ship" was not limited to agreements made between the two parties to the action themselves.

The House of Lords so held in dismissing an appeal from the Court of Appeal (Lord Justice Parker, Lord Justice Goff and Lord Justice Mustill) (The Times February 15, 1984; [1984] 2 WLR 825) who reversed the judgment of Mr Justice Sheen on May 27, 1983 that the plaintiffs' writ of summons claiming damages for loss suffered by the defendants' negligence be set aside.

Mr Mark Saville, QC and Mr Jonathan Gaisman for the appellants; Mr Bernard Rix, QC and Mr Peter Hayward for the respondents.

LORD BRANDON said that the appellants' primary contention was that the writ was issued only to claims of a purely contractual character, founded on some agreement of the kind referred to in it and made directly between the two parties to the action; and that paragraph (b) did not extend to other claims founded on tort, even though such claims were connected, directly or indirectly with such an agreement.

The expression "arising out of" was to be given the wider meaning "connected with". A domestic statute designed to give effect to an international convention was, in general, to be given a broad and liberal construction.

Further, in article (1) of that convention, the International Convention for the Unification of Certain Rules relating to the Arrest of Seagoing Ships, made at Brussels on May 10, 1952, "arising out of" was used in the wider meaning; and the re-arrangement and rewording of the article in section 1(1) of the Admiralty Jurisdiction Act 1956, and followed in section 20(2) of the 1981 Act, could not have been intended to substitute a narrow meaning for the wider meaning in the convention.

The second and alternative contention was that even if section 20(2) (b) extended also to claims in tort, it only did so if they were directly connected with some agreement of the kind referred to in it, and provided further (and that was the crucial limitation) that the agreement concerned was one made between the two parties to the action themselves.

His Lordship was in complete agreement with the reasoning of Lord Justice Parker below, and for the grounds stated by him the second contention would be rejected.

LORD SCARMAN, LORD DIPLOCK, LORD ROSKILL and LORD TEMPLEMAN agreed.

Solicitors: Richards Butler & Co; Holman Fenwick & Willan.

### Available route must be safe

**Rogers and Another v. Essex County Council**  
Before Lord Justice Parker and Mr Justice Tudor Evans  
[Judgment delivered February 19]

An available route, in section 39(5) of the Education Act 1944, could not be within "walking distance" of a child's home if walking the route involved upon by the local authority was of such a nature that a responsible parent would be obliged to prohibit the child from using it; and the question of escorting the child was not relevant.

Therefore, parents were not guilty of an offence under section 39(1) of the 1944 Act for the failure of their child, who was of compulsory school age, to attend regularly at the school where she was a registered pupil.

The Queen's Bench Divisional Court so held in a reserved judgment, allowing the appeals against conviction of Peter Albert Rogers and Violet Rogers from Chelmsford Crown Court which, on July 13, 1984, dismissed their appeals against conviction before the Colchester Justices on May 23, 1984, but varied the order for conditional discharge to one of absolute discharge.

Mr Edward Irving for the appellants; Mr David J. Mellor for the council.

LORD JUSTICE PARKER said that since the child Shirley Rogers was aged 12 at the material time, the relevant distance under section 39(5) was three miles, and the shortest route from the appellants' home to the school was 2.94 miles, that is, 110 yards short of the three miles.

However, the route involved crossing an area called Copford Plains by an isolated and partly unmade track, entirely unlighted and difficult to traverse in winter, which would present considerable danger for a young girl to walk over in darkness.

Moreover, a welfare officer of the local authority stated he would not allow his own child to walk the route unaccompanied, and illness had prevented the child's mother from escorting her upon the longer route along metalled roads.

The inescapable inference, which was not disputed, was that no responsible parent would allow a young girl to use the route unaccompanied in winter.

Although the local authority contended that "shortest available route" meant the shortest route useable without trespass, Parliament did not have such disregard for children's safety as to intend that an available route should be something such as a public footpath which was dangerous even for adults.

Clearly, the crown court and the local authority would have regarded such a route as not being an available route but for the Divisional Court's decision in *Shawyer v. Ward* ([1954] 1 All ER 336).

Although the court was *prima facie* bound by its own decisions when sitting, as in the present case, in an appellate capacity (see *R v. Greater Manchester Coroner, Ex parte Tal* (The Times May 28, 1984; [1984] 3 WLR 643) and *Ginnery v. The United States of America v. McCaffrey* (The Times June 13, 1984; [1984] 1 WLR 867, 873), it was only so bound by what the case actually decided.

In *Shawyer*, the court was dealing only with a situation where the particular parents thought the route unsafe on occasions when children were in a party, and it was stated an authority must take safety into consideration.

The word "available" had been introduced in front of "route" into the 1944 Act; it had at least to indicate that a route which the interests of children demanded that they should not use was not to be regarded as the shortest walking distance.

That did not substitute safety for measurement; it merely said what was to be measured was a route which children could walk, without parents who allowed them to walk it acting irresponsibly.

Mr Justice Tudor Evans agreed. Solicitors: Ellison & Co, Colchester; Mr M B Winterbottom, Chelmsford.

### One forgery ends liability of all guarantors

**James Graham & Co (Timber) Ltd v. Southgate-Sunds and Others**  
Before Lord Justice O'Connor and Lord Justice Browne-Wilkinson  
[Judgment delivered February 18]

No liability in law attached to one surety to a guarantee contract when the signature of an intended co-surety on the guarantee document had been forged.

The Court of Appeal so held in allowing an appeal by the defendant, Mr Dudley Southgate-Sunds, from Judge Wrightson's order in Darlington County Court that he was to pay £3,522 under a written guarantee to the plaintiff, James Graham & Co (Timber) Ltd.

Mr Stuart Lightwing for the defendant; Mr James Barry for the plaintiff.

LORD JUSTICE O'CONNOR said that the first defendant was a director of Dupaco Cabinets Ltd that in 1980 owed the plaintiff £3,589. The plaintiff agreed not to take proceedings against Dupaco if the first defendant and his two co-directors jointly and severally guaranteed the debt. The deed of guarantee apparently signed by all three directors was received by the plaintiff.

Months later Dupaco went into liquidation and the plaintiff issued a writ against the three directors. Before trial one director was adjudicated bankrupt and it became certain that the signature of another on the guarantee was a forgery.

At the trial two issues arose: did the failure of one director to sign nullify the agreement in law or did it give the first defendant an equitable defence on the ground that he was deprived of his right to contribution against a missing guarantor?

Only two matters of fact were relevant. First, the plaintiff and the defendants mutually contemplated a joint and several guarantee by all three directors. Second, the parties did not know that one director was not in fact a party to the guarantee until the plaintiff tried to enforce it. Once those facts were established the defendant was not liable at law.

In *Chitty on Contract*, (25th edition, 1983, paragraph 423n) *Evans v. Breuninger* (1856) 25 LJ

Ch 334) was cited as authority for the proposition that a guarantee could be conditional, for example where a person executed a guarantee on the faith of the representation that it would be also executed by another as co-surety. The Court of Appeal in the *Evans* case held that the defendants had sought "to charge the plaintiff with a contract in which he did not enter" and that at law there was no agreement binding the plaintiff.

In the instant case it made no difference in law that the plaintiff did not know that the signature was forged. The fact was that it was seeking to charge the defendant with a contract into which he had not entered. He was not liable in law.

LORD JUSTICE BROWNE-WILKINSON said that the case raised a new point on the liability of a surety who had signed a contract which, on its face, showed that other joint and several co-sureties were intended to be parties but one had not signed the contract.

A long line of cases starting with *Evans v. Breuninger* established that in such circumstances a surety who had signed was entitled in equity to be relieved from liability, since he only agreed to be bound on the footing that his co-sureties would also be liable.

But in all the reported cases one or more of the co-sureties had either not signed or had attached conditions to his liability. The fact that here the plaintiff had no notice of the in-aliquity of the director's signature was fatal to any claim by the defendant for relief in equity. Equitable rights and defences operated only on the conscience of the plaintiff.

Thus the defendant's defence, if any, had to be on the basis that at law he was not contractually bound by his signature unless all other parties signed. From the cases it was clear that at law there was no contract at all unless all the anticipated parties to the contract in fact became bound. His Lordship said that he thus agreed that the appeal should be allowed.

Solicitors: Cohen Jackson Scott & Simon, Stockton-on-Tees; Latimer Marks Marsham & Little, Darlington.

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